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SUMMARY RECORD OF THE 3rd MEETING

Held at Headquarters, New York,
on Tuesday, 20 February 1990, at 3.30 p.m.

President:

Mr. POPESCU

(Romania)

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The meeting was called to order at 3.30 p.m.

ADOPTION OF THE AGENDA (DP/1990/L.2 and Add.1, DP/1990/4 and Corr.1, DP/1990/5)

1. Ms. COLLOTON (United States of America) proposed that the Committee of the Whole should consider holding another working meeting before the June session of the Governing Council.
2. Mr. HAMADZIRIPI (Zimbabwe) said that a sub-item should be added to the outside consultant's item entitled "Other matters", providing for an exchange of views on the report on the Special Measures Fund for the Least Developed Countries, considered in informal consultations.
3. Mr. ROHNER (Switzerland) said that it was not yet appropriate for the Council to discuss the report.
4. The PRESIDENT said that sub-item (b) could be added to the agenda and, time permitting, preliminary views on the report could be exchanged, as requested by the representative of Zimbabwe.
5. The agenda was adopted.
6. The PRESIDENT said that if he heard no objection, he would take it that the Council wished to approve the proposed organization of work for the special session, as contained in document DP/1990/L.2/Add.1, on the understanding that it would be applied with the necessary flexibility.
7. It was so decided.

SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

(a) REVIEW OF THE SPECIAL MEASURES FUND FOR THE LEAST DEVELOPED COUNTRIES
(DP/1990/6)

8. Mr. LOUP (Co-ordinator of Assistance to the Least Developed Countries), introducing the item, said that most projects under the Special Measures Fund for the Least Developed Countries (SMF/LDC) had met the financing criteria established by the approval procedures as modified in 1986. The failure of one fifth of the projects to qualify could be attributed to the somewhat broad and diffuse nature of the existing criteria. If the Fund were narrower in scope and the criteria tighter, projects might meet the requirements more easily.
9. The range and number of SMF priorities - from policy analysis to feasibility studies to the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and United Nations Volunteers - meant that the Fund did not differ markedly from the indicative planning figures (IPFs). New orientations had therefore been proposed with a view to establishing a clear identity for the Fund. Those orientations included limiting financing to three priority areas: strengthening the planning

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(Mr. Loup)

and development administration capacity; helping to assess and plan technical assistance requirements; and reinforcing the capacity of indigenous non-governmental organizations (NGOs).

10. Over time, those areas had become increasingly relevant, as least developed countries placed greater emphasis on economic management, policy reform and the management of technical assistance. Concentrating on a few priority areas would also help in implementing decisions taken at the Second United Nations Conference on Least Developed Countries, to be held in Paris in September 1990. An outside review of UNDP-administered funds had advised against modifying the current system of fully funding SMF projects. However, that decision could be reviewed if the number of donors to the Fund increased and if those donors indicated in advance the amount of their contributions to SMF.

11. Mr. MAHMOUD (Mauritania) said that his delegation welcomed most of the Administrator's proposals for strengthening the Fund, in particular the emphasis placed on grass-roots participation through community programmes, and in the informal and rural sectors. It was to be hoped that the Fund would truly make additional resources available in order to contribute to the formation of a development structure in the least developed countries. In that connection, the report should have stressed human resources development in the evaluation phase more than it did.

12. It was unclear why contributions to SMF had tapered off if its traditional donors continued to regard it favourably. It would be useful if the Secretariat could provide more information on the mobilization of resources, the direct management of the Fund, the possibility of placing it under the United Nations Capital Development Fund and the role of the Co-ordinator of Assistance to the LDCs. Referring to paragraphs 18 to 20 of the report (DP/1990/6), he said that in the interest of attracting more donors all Member States should be informed of measures taken to improve the operation of the Fund. The Second United Nations Conference on the Least Developed Countries should give fresh impetus to the Fund.

13. In allocating resources from the Fund, the principle of balance among recipient countries must be observed. Priority should be accorded to small projects to improve the daily lives of the rural population, while preserving the environment. Greater attention must be devoted to simplifying the approval procedures. Additional funds for round-table conferences and national technical co-operation assessment and programmes (NaTCAPs) should be drawn from other multilateral and bilateral sources rather than from the Fund.

14. Mr. CRUSE (France) reaffirmed France's wish to help mitigate the difficulties confronting the least developed countries, based on which it had initially provided active support to SMF/LDC. In 1985, however, France had withdrawn that support, believing that the types of projects and activities financed by the Fund did not truly differ from those financed by IPFs. As such, the Fund had not fulfilled its original purpose of helping the least developed countries to overcome obstacles in the co-ordination of aid and economic management.

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(Mr. Cruse, France)

15. The Fund's mandate must be redefined so that it could provide specific support in the preparation of round-table conferences and help the least developed countries to ensure better co-ordination of international assistance. Such support would be particularly important to certain Governments in improving the quality and relevance of the documents they submitted. The Fund could also be used to cover travel expenses of national leaders from the least developed countries who participated in round-table conferences, rather than requesting outside support in each case.

16. The Paris Conference in September 1990 offered an opportunity to focus attention on the Fund. However, the Fund must be restructured in order to respond to the needs of the least developed countries and the requirements of donor countries. Document DP/1990/6 was not adequate in that respect. UNDP should re-examine the question in the light of the discussions at the special session and submit another report to the Council's June 1990 session, which would be transmitted to the Paris Conference.

17. Mr. ZHANG Guanghui (China) noted that when the Fund had been established, there had been only 24 least developed countries. By 1988, that number had almost doubled. It was to be hoped that at the Paris Conference, measures would be taken to increase available funding in order to satisfy the needs of the increased number of least developed countries.

18. Mr. CABEIRO QUINTANA (Cuba) said that his Government made a small annual contribution to the United Nations Capital Development Fund (UNCDF) and contributed to the Special Measures Fund. The proposals contained in paragraphs 18 to 20 were sound and should attract contributions by more donors. His delegation hoped that at the Paris Conference, a more up-to-date document would be presented, containing more substantive proposals for the future.

19. Mr. AQUARONE (Netherlands) said that the Administrator's report in document DP/1990/6 made it clear that the Special Measures Fund, with only three major contributors, lacked attractiveness. That had nothing to do with the nature of the target countries or the activities supported by the Fund; it was because the Fund lacked a clear identity and a recognized and specific task. The areas of concentration and changes in procedure recommended in that document were commendable, but he would also like the Administrator to provide more insight into the relationship between the proposed activities of the Fund and other UNDP activities in similar areas. His delegation would decide its final position on the future of the Fund on the basis of the answer to that question as well as the outcome of the forthcoming Second United Nations Conference on Least Developed Countries to be held in Paris, and of the fifth-cycle discussions.

20. He welcomed the support provided by UNDP to the least developed countries in helping them prepare the Paris Conference but was disappointed in UNDP's own input into the preparation of the Conference. UNDP should be more than a facilitator; its input should be substantive. He wanted to know UNDP's views on the measures needed to improve the economic and social situation of the least developed

(Mr. Aquarone, Netherlands)

countries and on what the outcome of the Paris Conference should be. Lastly, he would like a copy of the report of the four UNCTAD consultants referred to in paragraph 6 of document DP/1990/6/Add.1.

21. Mr. SOUMALAINEN (Observer for Finland), speaking on behalf of Denmark, Norway, Sweden and Finland, said that those countries had given important financial support to the Special Measures Fund from the very outset. He welcomed the suggestion in the Administrator's report (DP/1990/6) that the Fund should focus on fewer activities and concentrate on capacity-building and economic and social development, but also felt that those areas of concentration should be dealt with within the framework of country programming. Potential donors had not been attracted to the Fund because its priorities were not clear and recipient countries could not make full use of the possibilities provided by it.

22. He wanted further information on how the funds earmarked for the Paris Conference had been used and what role UNDP had played in preparing the Conference other than providing financial assistance. UNDP should be more than a funding agency. It must help prepare the Conference and help least developed countries prepare their participation in it.

23. No final decision should be taken on the focus of the Fund's activities until after the preparation of the fifth programming cycle and after the Paris Conference.

24. Mr. KABIR (Observer for Bangladesh) said that the problems of the least developed countries were greater than ever and that the Special Measures Fund needed even more resources. The Fund had failed to meet its full potential because it was groping for an identity, and the Administrator's report (DP/1990/6) failed to analyse that problem. There were few contributors to the Fund, and many had even stopped supporting it. They must be asked why. The proposal that the Fund should focus on fewer activities had merit but needed further scrutiny. A final decision should be deferred pending the outcome of the Paris Conference.

25. Mr. ROHNER (Switzerland) said that the Administrator's report should have provided more substantive information on and analysis of the actual impact of the Fund in its most recent phase. More consideration must be given to the link between the Fund and IPFs and what resources were available to the least developed countries. He wondered to what extent there could be greater concentration of resources on the neediest countries, and particularly on economic management and co-ordination. No decision could be taken on the Fund or on the Administrator's report until the fifth programming cycle had been negotiated and the results of the Paris Conference were available.

26. Mr. SAHLMANN (Federal Republic of Germany) supported the views expressed by the representatives of the Netherlands, Finland and Switzerland and said he too would like to see the report of the UNCTAD consultants referred to in paragraph 6 of document DP/1990/6/Add.1.

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27. Mr. PETTITT (United Kingdom) said that the proposals in the Administrator's report were sensible. The fact that his own country had not contributed to the Fund was no reflection on the way it was managed or oriented. The United Kingdom simply preferred funding from IPFs, bilateral sources and capital assistance agencies. Drawing attention to paragraph 21 of the report, he asked when the study of the consultant referred to would be available and what other funds it also covered.

28. Ms. COLLOTON (United States of America) welcomed the Administrator's recognition of the need to re-examine the Fund's activities and to focus on certain key areas, in which she believed UNDP could play a useful catalytic role. Her Government encouraged UNDP co-ordination of the round-table process in least developed countries which did not have World Bank consultative groups. The round-table process could be even more relevant to structural transformation in the future than in the past, and her Government had supported the financing of round-table conferences, which should be part of UNDP's core planning and budgeting process. Her Government would also be interested in the results of the evaluation of the round-table process being undertaken by the four UNCTAD consultants.

29. She hoped that the Paris Conference would provide a realistic analysis of the problems of the least developed countries and identify pragmatic policies. UNDP could play a helpful, analytical role in that connection and it should also help the least developed countries analyse the progress made and the problems encountered in the 1980s. She agreed that UNDP should be more than a facilitator. Factors for progress should be identified as a guide for future action. Capacity-building was important and UNDP should help least developed countries improve their economic-analysis capacity and their ability to formulate their own policy-reform strategies. UNDP should also play a role in following up the results of the Paris Conference.

30. Mr. HAMADZIRIPI (Zimbabwe) said that he would welcome generous contributions to the Special Measures Fund for the least developed countries, most of which were in Africa. It was sad that there were so few contributors, particularly in view of the increasing number of least developed countries. It was premature to make any final comment on the proposals in the Administrator's report (DP/1990/6) until the results of the Paris Conference were available. Consideration should be given to refocusing the activities of the Fund and to whether its new orientation would help income-generation at the grass-roots level.

31. Mr. LOUP (Co-ordinator of Assistance to the Least Developed Countries) said he would reply to some of the points raised. Some countries had withdrawn their support for the Special Measures Fund mainly because the Fund lacked identity and priorities. As for the lack of substance in the report, he said that it was impossible to review 146 projects in a brief report. The impact of the Fund, however, had been positive. As for the relationship between the Fund and other United Nations activities, he said that efforts were made to identify those areas in which the Fund could be most effective. He was aware of economic management deficiencies and the failure of IPFs and sought to establish priorities. He wanted the Fund to be the major support for round-table consultations and national

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(Mr. Loup)

technical co-operation assessment and programmes (NatCAPs) so as to strengthen and monitor them. Management operations should also be supported by the Fund. As to financing, it had been concluded that partial financing of projects was not prudent. As to the report of the four UNCTAD consultants, he said that it would also cover the United Nations Revolving Fund for Natural Disasters and the United Nations Development Fund for Women. He agreed that decisions could be postponed pending the outcome of the Paris Conference and said that he would discuss UNDP participation in the Conference later.

32. The PRESIDENT said that if he heard no objection he would take it that the Council wished to take note of document DP/1990/6.

33. It was so decided.

(b) PARTICIPATION OF THE UNITED NATIONS DEVELOPMENT PROGRAMME IN THE PREPARATION OF THE CONFERENCE (DP/1990/6/Add.1)

34. Mr. LOUP (Co-ordinator of Assistance to the Least Developed Countries) said that, although an allocation from the Special Measures Fund had been used to finance a support project for the Conference which was being implemented by the United Nations Conference on Trade and Development (UNCTAD), the role played by UNDP in connection with the Conference was not merely a financial one. Each least developed country was to submit a brief document to the Conference with assistance from consultants financed by UNDP as well as assistance provided by UNDP field offices. UNDP had also compiled two documents in preparation for the Conference, the first for the first expert group meeting, held in April 1989, which contained an analysis of the situation of the least developed countries during the 1980s, UNDP activities and proposals for action to be taken with regard to those countries in the 1990s. The second document would be submitted to the Conference Preparatory Committee, which would meet in Geneva in March/April 1990; it, too, contained an analysis and proposals relating to technical co-operation in the least developed countries.

35. UNDP was not the lead agency in so far as the evaluation of round-table meetings and consultations was concerned. The evaluation was being financed by bilateral donors rather than UNDP, since it was the Programme that was being evaluated. The consultants engaged by UNCTAD to carry out the exercise had met with resident representatives, and their final report would be disseminated by UNCTAD.

36. Finally, UNDP had participated in all the preparatory meetings for the Second United Nations Conference on the Least Developed Countries, including the recent ministerial-level meeting at Dhaka, Bangladesh.

37. Mr. HEIN (United Nations Conference on Trade and Development) confirmed that the contribution of UNDP to Conference preparations had been vital. The next important phase of conference preparations would be the meeting of the

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(Mr. Hein)

Preparatory Committee for the Conference, to be held in March/April 1990. One of the principal documents being submitted to the meeting, setting out elements for a programme of action for the 1990s for the least developed countries, had been issued at Geneva by the UNCTAD secretariat. The document included elements of policy guidelines for macro-economic programmes of least developed countries and addressed the issues of financing, both internal and external, for the programme of action, the mobilization of human resources in least developed countries and the modernization and integration of their productive bases. Suggestions had also been made for follow-up, monitoring and review of the proposed programme of action.

38. With regard to the country presentations which were to be submitted to the Conference, work was progressing satisfactorily and it was expected that some 25 to 30 reports would be available for the forthcoming meeting of the Preparatory Committee.

39. The collective views of the least developed countries had been set out in the Declaration issued by the ministers of the least developed countries at their recent meeting at Dhaka. The ministers had also designated four of their number to visit donor capitals for the purposes of briefing and soliciting support for the new programme of action.

40. The evaluation of consultations and round-table meetings which had been undertaken by consultants engaged by UNCTAD was completed and the results would be available for consideration at the meeting of the Preparatory Committee. The consultants' draft report had been reviewed at an informal meeting earlier in the year in which a number of experts from least developed and donor countries as well as representatives of UNDP, the World Bank and the International Monetary Fund had participated, and the final report would take into account the comments and suggestions made at that meeting.

41. The consultants had concluded that, while existing processes were not perfect, there was no alternative to an organized dialogue for co-ordination. The study contained 34 recommendations for improving aid co-ordination mechanisms and highlighted the three main deficiencies of existing arrangements: the need for development partners to focus on better formulated development strategies over a period longer than that currently afforded by structural adjustment programmes; the tendency for donor-led co-ordination arrangements to weaken the central role of least developed country Governments; and the need for major reforms in the assistance practices of donor agencies with a view to strengthening the capacity of least developed countries to co-ordinate and implement development programmes. The study would be a valuable contribution to enhancing the co-ordination and effectiveness of assistance in the 1990s.

42. Ms. AL AWADI (Observer for Kuwait) commended the efforts of UNDP described in document DP/1990/6/Add.1 and welcomed the proposals that had been made at the various meetings held in 1989 at Geneva regarding the least developed countries. She commended also the round-table meetings and consultations and welcomed the contribution made by UNDP to the ministerial-level meeting of least developed

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(Ms. Al Awadi, Observer, Kuwait)

countries at Dhaka. It was to be hoped that the film on round-table meetings being prepared by UNDP would be completed so that the purpose of that exercise might be better understood, thereby enabling donors to increase their assistance to least developed countries.

43. Mr. ROHNER (Switzerland) commended UNDP and a number of donors to the Special Measures Fund for their contributions to the Conference preparations. Because the Conference would deal with important issues relating to the role of UNDP in the 1990s, his delegation was eager to learn about the status of preparations and the outcome of various preparatory meetings. He welcomed in particular the information provided by the representative of UNCTAD regarding the forthcoming meeting of the Preparatory Committee and asked whether any advance copies of the reports being prepared by UNCTAD would be available.

44. He was pleased to note that the United Nations Capital Development Fund (UNCDF) had played an active role in a number of areas, including the recent meeting at Dhaka. His delegation would also be interested in having an advance copy of the paper UNCDF was preparing for the March/April 1990 meeting for the Preparatory Committee.

45. Finally, he wished to know what round-table meetings were planned for the near future.

46. Mr. CRUSE (France) said that, while his delegation believed there should be no derogations from the principle of universality - one of the basic principles underlying UNDP - it was generally acknowledged that the least developed countries suffered more than other countries from the difficult international environment and consequently required greater efforts from the international community. UNDP had a special role to play in that regard, and that role should be expanded. He therefore welcomed the information provided with regard to the Programme's involvement in the Second United Nations Conference on the Least Developed Countries.

47. It was to be hoped that future UNDP documents would put forward concrete proposals for the Conference that the Governing Council could endorse at its June session, particularly since the fifth programming cycle offered an opportunity for innovation. The volume of financing provided by UNDP to least developed countries made the Programme stand out among multilateral organizations, and that trend should be encouraged and increased. However, the Administrator's proposal to increase financing to least developed countries from 10 per cent to 15 per cent was unclear; did it refer to the current amount of financing, or were additional resources envisioned? His delegation hoped 60 per cent of IPFs could be devoted to least developed countries, assuming, of course, that total resources were increased to prevent any adverse impact on other programmes.

48. UNCDF must be strengthened; however, his delegation did not consider the activities undertaken with the assistance of the Special Measures Fund to be satisfactory. However, strengthening must not be simply a matter of contributions: aid co-ordination mechanisms must be improved.

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49. Mr. MAHMOUD (Mauritania) noted that the review of the Special Measures Fund in 1989 had disclosed a lack of adequate resources to permit all least developed countries to participate in the Conference. Accordingly, the Governing Council had adopted decision 89/12. However, adequate resources had yet to be found. He therefore wished to know what efforts had been made to implement that decision, and specifically what action had been taken with regard to a contribution earmarked for that purpose by the Japanese Government.

50. Mr. KABIR (Observer for Bangladesh) expressed appreciation for the active role UNDP was playing in the preparations for the Second United Nations Conference on the Least Developed Countries. He particularly welcomed the measures described in paragraphs 3 to 8 of document DP/1990/6/Add.1. He wished to thank UNDP and the Japanese Government for their contributions which had made possible the holding of the recent ministerial-level meeting at Dhaka. With regard to Governing Council decision 89/12, insufficient attention had been paid to paragraph 3, and he sought further information on that subject.

51. Mr. LOUP (Co-ordinator of Assistance to the Least Developed Countries), replying to the question raised by the representative of Switzerland, said that round-table meetings for the Gambia, Chad, Togo, Burkina Faso, Benin, and the Comoros were currently in varying stages of preparation. In addition, sectoral meetings were being prepared for a number of countries, including the Central African Republic, Chad, Sao Tome and Principe, Equatorial Guinea, Mali and the Niger.

52. With regard to a question raised by the representatives of France and Mauritania, he reiterated that the role of UNDP vis-à-vis the least developed countries would be taken up when the Council began its consideration of the fifth programming cycle.

53. Finally, with regard to the question raised by Mauritania and Bangladesh regarding donor contributions to Conference preparations, he said that, to the best of his knowledge, the major preparatory meetings had been financed either through UNDP or on a bilateral basis and there were consequently no outstanding needs to be met. The recent meeting at Dhaka had been financed partly by UNDP and partly by the Japanese Government.

54. Mr. KABIR (Observer for Bangladesh) asked whether a decision had been taken regarding the financing of participation by two representatives from each least developed country in the Conference.

55. Mr. LOUP (Co-ordinator of Assistance to the Least Developed Countries) said that UNCTAD was discussing the matter with bilateral donors. It might therefore be more appropriate for the representative of that body to address the issue.

56. Mr. MAHMOUD (Mauritania) asked whether funding for participation in the Conference would be provided for three representatives or two representatives from each least developed country.

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57. Mr. HEIN (United Nations Conference on Trade and Development) said that no final decision had been reached on financing for the participation of representatives from least developed countries. While he was hopeful that a solution could be reached, he wished to point out that funding for the daily subsistence allowance of delegates in Paris had yet to be secured.

58. The PRESIDENT said that, if he heard no objection, he would take it the Council wished to take note of document DP/1990/6/Add.1.

59. It was so decided.

MID-TERM RESOURCE SITUATION OF THE FOURTH PROGRAMMING CYCLE (DP/1990/7)

60. Mr. DRAPER (Administrator), introducing document DP/1990/7, said that the report consisted of two parts, one dealing with the resource outlook for the fourth programming cycle and one providing an update of allocations and commitments against Special Programming Resources (SPR).

61. He reminded the Council that the release of the remaining 25 per cent of the resources authorized under Governing Council decision 88/31 A had been contingent on the resource outlook for the balance of the cycle. According to the November 1989 forecast, presented in table 1 of the document, estimates of voluntary contributions and other income for the remainder of the cycle had been substantially lower than had been assumed when decision 88/31 A had been adopted. However, voluntary contributions for 1990 were currently estimated at approximately \$1.05 billion, as compared with the \$960 million on which the November 1989 assumptions had been based. A re-evaluation of previous estimates had therefore been necessary.

62. If voluntary contributions in 1990 and 1991 were affected by a 5 per cent appreciation in the value of the United States dollar, as had been envisaged in Governing Council decision 88/31, the balance of resources at the end of the cycle would be much higher than the amount anticipated in November 1989. He had therefore concluded that the release of the remaining 25 per cent of IPFs and SPR authorized under that decision was feasible, thereby increasing the amount of resources available to IPF and SPR programmes by \$US 150 million. Revised versions of tables 1 and 2 were being circulated during the current meeting.

63. Part one of the report also provided information concerning expenditure targets for the years 1989-1991, in keeping with the Council's directions as set out in paragraphs 7 and 8 of its decision 89/57. Those targets had initially been set at \$815 million for 1990 and \$825 million for 1991; however, with the release of the remaining 25 per cent of IPFs and SPR, they would be revised to \$840 million for 1990 and \$860 million for 1991. The revised 1987-1991 IPF expenditure targets implied a carry-over of IPF entitlements in the amount of \$169 million from the fourth to the fifth programming cycles, thereby facilitating a smooth transition to the fifth cycle.

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(Mr. Draper)

64. As described in paragraphs 10-12 of the report, special conditions in several countries would affect programme delivery there. Accordingly, the carry-over of IPF entitlements might be considerably higher than the figure he had just quoted. To achieve the aggregate expenditure targets for 1990 and 1991, certain other countries should be permitted to borrow IPF entitlements from the fifth cycle under arrangements which were described in the report.

65. Part two of the report provided an update of allocations and commitments against SPR, in accordance with Governing Council decision 89/36. Most of the funds had been allocated, and actual budgets approved accounted for 80 per cent of available resources in several cases.

66. At the end of November 1989, 81 per cent of SPR available for disasters had been allocated. Resident representatives had been informed that, until further notice, the maximum amount available for disaster relief immediately following a disaster had been reduced from \$50,000 to \$30,000. Longer-term disaster rehabilitation assistance had been reduced from a maximum of \$1.1 million to a maximum of \$200,000. An amount of \$6 million would be required to restore the amounts allocated for disaster relief in 1990-1991 to meaningful levels, and those amounts would still fall short of the original figures.

67. Programme development activities funded by SPR had generated considerable interest among developing countries. Approved budgets currently accounted for 90 per cent of all allocations, and it was clear that current needs could not be met from available resources. He therefore proposed the release of 25 per cent of SPR, which would provide modest additional resources for disaster assistance and programme development activities.

68. Paragraphs 18 and 19 of the report also contained proposals for overprogramming by 15 per cent in some SPR categories. Such overprogramming was justified on several grounds. First, since allocations were issued over a period of several years, those for the final year of a cycle were unlikely to be committed in full. In addition, various SPR projects dealt with complex issues and thus required longer lead time for formulation and implementation. Finally, the implementation rates for SPR activities were generally lower than those for IPF projects. Overprogramming by 5 per cent was generally accorded to IPF programme managers to offset slippage. By authorizing a selective overprogramming of 15 per cent for SPR projects, programme delivery levels would be increased.

69. Mr. MISSARY (Observer for Democratic Yemen) said that his delegation wished to express its gratitude to UNDP for its allocation out of Special Programme Resources (SPR) under Governing Council decision 89/37 (DP/1990/7, para. 20). In view of the widespread damage caused by flooding in Democratic Yemen and its adverse implications for long-term development projects, his delegation hoped that UNDP would provide additional assistance. His delegation fully endorsed the recommendations contained in paragraph 19 of document DP/1990/7.

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70. Ms. AL AWADI (Observer for Kuwait) thanked the Administrator for his decision to implement Governing Council decision 89/37. The great amount of flood damage in Democratic Yemen would seriously affect its long-term development plans. Her delegation therefore supported the request made by Democratic Yemen for additional assistance.

71. Mr. ALMABROUK (Libyan Arab Jamahiriya) commended the efforts made by UNDP to respond to the flood disaster in Democratic Yemen, and supported that country's request for additional assistance.

72. Mrs. MAUALA (Observer for Samoa) said that, as both a least developed and an island developing country, Samoa received assistance from UNDP, which had contributed greatly to its development efforts. One important aspect of the Programme was the immediate relief and longer-term rehabilitation assistance which it could provide to developing countries in the wake of natural disasters. In that regard, the SPR allocation had been of great importance to many developing countries.

73. Her delegation hoped that the continued funding of the SPR disaster relief and rehabilitation allocation for the remainder of the fourth programming cycle would permit the restoration of allocation levels for immediate relief and longer-term rehabilitation from their current very low levels to something closer to those which had existed for most of the fourth cycle.

74. Samoa had noted with interest the decision of the Administrator to provide additional assistance to Democratic Yemen following the natural disaster which had struck it last year. Samoa and its neighbours had just been the victims of an extremely destructive natural disaster. From 2 to 6 February 1990, Cyclone Ofa had raged through Western Samoa, American Samoa, Niue, Tokelau, Tonga, Tuvalu and Wallis and Futuna. In Samoa, it had left 25,000 people homeless, destroyed 60 per cent of all housing and had severely damaged public buildings. It had totally destroyed Samoa's staple crops, as well as 90 per cent of its export crops. Essential services had been severely affected. A preliminary report indicated that at least \$200 million in damage had been done to Samoa's infrastructure, and it was obvious that a great deal of immediate relief and longer-term assistance would be required. Samoa's neighbours would also need substantial rehabilitation. Samoa wished to thank all those countries which had come to its assistance during that crisis, as well as the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) and UNDP. Her delegation was also grateful to the Economic and Social Council for its adoption of its resolution 1990/1 of 9 February 1990.

75. Mr. BABINGTON (Australia) said that his delegation shared the Administrator's concern that the current level of commitment of SPR, as indicated in paragraph 13 of document DP/1990/7, might result in a curtailment of some programmes funded under the SPR heading. Australia was especially concerned at the situation for the funding of disaster relief activities in the remainder of the fourth programming cycle, and agreed that, given the level of demand, an attempt to distribute available funds would clearly be unrealistic. In view of the likelihood that

(Mr. Babington, Australia)

natural disasters would continue for the remainder of the current cycle, it did not appear that the remaining funds would adequately cover the new demands placed on SPR, and the Governing Council should consider the level of UNDP resources available in the run-up to the fifth programming cycle for disaster relief assistance.

76. Cyclone Ofa had caused widespread devastation in the South Pacific region, and another tropical cyclone - Cyclone Peni - had been wreaking havoc in the region of the northern Cook Islands. The small island developing country of Samoa had been particularly hard hit.

77. The Governing Council should determine the adequate level of SPR allocation for disaster relief. According to paragraph 16, the average annual allocation for natural disasters had been \$8 million during each of the first three years of the current cycle whereas only \$6 million per annum had been allocated for the remaining two years. The \$8 million of expenditure clearly indicated a very considerable demand on that part of SPR, and his delegation requested the Administrator to provide details on what amount of additional funds would be released to that type of SPR activity by his decision to release the last tranche of 25 per cent of additional funds. His delegation wondered whether the Administrator's proposed increase of \$3 million in the remainder of the fourth programming cycle was adequate, given the recent levels of funds committed to disaster relief activities, and suggested that the Governing Council should consider raising the level above the proposed \$3 million.

78. Mr. KRSTAJIC (Yugoslavia) said that the Administrator's proposed approach to the planning of programme expenditure for the remainder of the fourth programming cycle seemed reasonable. Since the November 1989 forecast of the total amount of voluntary contributions for the fourth programming cycle was \$77 million lower than had been anticipated, the proposal of the Administrator to defer any decision on the release of the remaining 25 per cent authorized under Governing Council decision 88/31 A until the 1991 pledging conference in November 1990 seemed justified.

79. With regard to the annual expenditure targets for the remaining years of the fourth programming cycle, Yugoslavia supported the proposal contained in paragraph 8. His delegation was greatly in favour of the introduction of the borrowing arrangements proposed in paragraph 11; that mechanism could facilitate a smooth transition to the fifth programming cycle, given the necessary lead-time required for project formulation and approval.

80. With regard to the status of SPR, Yugoslavia could, in general, go along with the Administrator's proposals contained in paragraph 19, which included an increase of the SPR allocation for the remainder of the fourth programming cycle and the overprogramming of 15 per cent of the SPR.

81. Miss HASSAN (Observer for Egypt) said that her delegation wished to associate itself with the statement made by the representative of Democratic Yemen. The work of UNDP in the field of disaster relief was commendable. Such assistance should be universal and not confined to certain countries. UNDP should take account of the specific conditions prevailing in some countries which, in addition to being prone to natural disasters, suffered from acute economic and social problems.

82. Mr. PAYTON (Observer for New Zealand) welcomed the Administrator's authorization of the release of the remaining 25 per cent of the additional resources, as set forth in Governing Council decision 88/31 A. It was encouraging that, during the latter part of the fourth programming cycle, UNDP would be able to plan with those resources in mind. At the same time, New Zealand was aware that demands on UNDP resources were virtually limitless, and it had always supported the idea of using central funding, such as SPR. His delegation supported the Project Development Facility drawing on SPR, and was pleased to see that it had been used so effectively. New Zealand was particularly grateful for the assistance which UNDP had been able to provide to countries stricken by natural disasters, through allocations for immediate relief and for longer-term rehabilitation.

83. His delegation wished to place on record its support for the statement by the representative of Samoa. His delegation had been pleased to be able to join with others at the recent organizational session of the Economic and Social Council in the submission of what had become Council resolution 1990/1. New Zealand would consider the advisability of recommending to the current special session a resolution which drew attention to the devastation of a very significant number of countries which received assistance from the Programme.

84. Document DP/1990/7 was based on information which had ceased to be particularly pertinent, since the proposals and calculations which it contained were somewhat academic. His delegation agreed with the representative of Australia that the Programme's commitment to the allocation of relief and rehabilitation resources through SPR or other modalities on an annual basis should be no less for the remaining two years of the fourth programming cycle than they had been for the first three years of the cycle. New Zealand was concerned at the proposal to scale back the level of UNDP assistance to developing countries stricken by natural disasters and hoped that, by the end of the special session, the Administrator, with the full support of the members of the Governing Council and of the Programme, would provide reassurances that the commitment which UNDP was rightly renowned for would be maintained at the existing level of expenditure.

85. Mr. MAHMOUD (Mauritania) asked whether the release of the remaining 25 per cent of the resources authorized by Governing Council decision 88/31 A would take place immediately or, in accordance with paragraph 6 of document DP/1990/7, after the 1991 pledging conference. Mauritania supported the Administrator's recommendation in paragraph 11 (d) of that document. With regard to paragraph 17, Mauritania did not favour the use of the Special Measures Fund for LDCs to finance national technical co-operation assessment and programmes (NaTCAPs) and round-table meetings. That had become a regular expenditure and must be financed out of the traditional regular expenditure resources of UNDP.

(Mr. Mahmoud, Mauritania)

86. Mauritania supported the statement made by the representative of Democratic Yemen, and supported that country's request for additional assistance.

87. With regard to SPR, his delegation would have preferred the Administrator to be given the \$4 million he had requested rather than the \$3 million mentioned in paragraph 19 (a). With regard to the activities of the past decade, Mauritania had hoped that certain resources would have been made available not only to UNDP but to other bodies, such as UNDRO, and wished to know whether any donations or pledges for the decade had been made.

88. His delegation recognized that special resources were needed for Oceania, and endorsed the comments made by the representative of Samoa and sympathized with the hardship inflicted on that country and the region.

The meeting rose at 6.10 p.m.



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Special Session

SUMMARY RECORD OF THE 4th MEETING

Held at Headquarters, New York,
on Wednesday, 21 February 1990, at 10 a.m.

President:

Mr. POPESCU

(Romania)

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Preparations for the fifth programming cycle

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The meeting was called to order at 10.15 a.m.

MID-TERM RESOURCE SITUATION OF THE FOURTH PROGRAMMING CYCLE (continued) (DP/1990/7 and Corr.1)

1. Mrs. DUDIK GAYOSO (United States of America) said that of the three proposals put before the Council by the Administrator her delegation supported those relating to permitting certain countries to borrow Indicative Planning Figure (IPF) entitlements from the fifth cycle and the endorsement of a selective over-programming authority of 15 per cent in some special programme resource categories. However, it felt that more information was required before it could approve the Administrator's request for authority to release the remaining 25 per cent of Indicative Planning Figures (IPFs) and Special Programme Resources (SPRs). Specifically, it would like to know what share of resources in the first two years of the fifth cycle would be devoted to programmes begun in the fourth cycle; what the reasons were for the revision of the Administrator's proposal between December 1989 and February 1990, and to what extent the Council could be sure that a reversal of the current trend towards an increase in the value of 1990 pledges would not result in a substantial downward revision in the current estimate of UNDP's surplus.
2. Her delegation would also like some clarification of paragraph 5 (a) of document DP/1990/7. For those reasons it would propose that more consultations should be held on the question, either in the Budget and Finance Committee or informally, before a decision was taken.
3. In general, her delegation felt that there was a need for more systematic planning of the programmes of the fifth cycle than was evident from paragraph 17 of the report (DP/1990/7). It also remained concerned at the emphasis put on expenditure targets in the report.
4. Mr. PETTITT (United Kingdom of Great Britain and Northern Ireland) said that his delegation welcomed the effort to develop a more coherent programme planning policy evident from the Administrator's report (DP/1990/7). With regard to the specific proposals made by the Administrator, his delegation felt that it would be useful to have a more detailed breakdown of the figures on which the Administrator based his request for authorization to release the remaining 25 per cent of IPFs and SPRs. His delegation would also prefer that a decision on the question of borrowing from the fifth cycle should be deferred until the June 1990 meeting of the Council. If that were done, the constraints set out in paragraph 11 of the Administrator's report could be relaxed.
5. His delegation supported the proposals for an increased allocation for disaster assistance and for endorsement of a selective over-programming authority. It agreed that such over-programming should be in the areas where fifth cycle expenditures were most likely.
6. Mr. JAYASINGHE (Sri Lanka) welcomed the comprehensive report on the mid-term review of resources submitted by the Administrator (DP/1990/7), and his introductory comments. He had been happy to learn that the Administrator now

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(Mr. Jayasinghe, Sri Lanka)

believed that the release of the remaining 25 per cent of resources authorized by Council decision 88/31 A was feasible and hoped that the positive trend in voluntary contributions now in evidence would become a permanent feature. Those contributions were of great importance for the enhancement of the national capacities of recipient countries to improve the quality of their people's lives.

7. His delegation welcomed the proposal for release of the remaining 25 per cent of IPFs and SPRs and endorsed the Administrator's proposal for approval of a selective over-programming authority of 15 per cent in some SPR categories. Sri Lanka considered that the natural disaster component of the SPR programmes should receive special attention from the Council, particularly when resource allocation under the fifth cycle was considered: it had recently been one of the beneficiaries of that component, and had greatly appreciated the timely help received from UNDP.

8. There was a need for the Council to address more systematically the question of resource allocation for the strengthening of the national capacities of recipient countries. Such allocations should be increased considerably during the current cycle and should receive special attention during the fifth cycle. The time had also come for the Council to take up the question of poverty alleviation programmes. Sri Lanka had recently launched a special programme of poverty alleviation intended to develop self-reliance in the large proportion of its population whose income was less than \$US 10 per month. The programme was already in operation, but could be better executed with the help of external resources. It could also serve as a model for other developing countries which were grappling with the same economic and social problems.

9. Mr. MORALES CARBALLO (Cuba) said that his delegation supported the Administrator's proposal for release of the remaining 25 per cent of IPFs and SPRs. In connection with the Administrator's request for Council approval of arrangements allowing the borrowing of IPF entitlements from the fifth cycle, his delegation had some reservations regarding the wording of paragraph 11 (c), which seemed to imply that some countries might be penalized. If the subparagraph were redrafted to eliminate that implication his delegation would support the Administrator's proposal. It also agreed with the Administrator's proposal for an increase in the allocation for disaster assistance.

10. Mr. SAHLMANN (Federal Republic of Germany) asked for more information on the increase in the rate of appreciation of the United States dollar referred to by the Administrator in his introduction to the report (DP/1990/7). He also supported the suggestion made by the United States representative that the question of releasing the remaining 25 per cent of IPFs and SPRs should be discussed further before a decision was made.

11. Mr. KHANI (Syrian Arab Republic) said that his delegation supported Governing Council decision 89/37 and welcomed the Administrator's proposal for an increase in the allocation for disaster assistance. It also supported Council decision 89/33 and felt that expenditure should be increased over the next decade for the regional office in the region concerned.

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12. Mr. WARD (Canada) said that his delegation welcomed the proposal to release the last 25 per cent of additional IPFs and SPRs, in view of the revised revenue forecast and the fact that the UNDP cash situation was causing difficulties for a number of donors. The programme should, however, be managed carefully to ensure that programme quality was not jeopardized to achieve increased delivery rates, and that UNDP did not enter the fifth cycle with IPF debts not covered by resources. His delegation agreed with the policies and proposals concerning commitments against Special Programme Resources and the proposal to borrow IPF entitlements from the fifth cycle on the conditions stated, but cautioned the Administrator on the assumptions regarding fifth cycle IPFs.

13. Mr. AQUARONE (Netherlands) said that his delegation was not able to endorse the Administrator's proposal for release of the remaining 25 per cent, and would have welcomed information on the matter at an earlier stage. It had no objection to SPR over-programming if that would not lead to over-spending in the fourth cycle. However, it would not wish any decision made during the special session to complicate the complex discussion concerning fifth cycle resources; rather, the decision on the subject should be taken during the June session.

14. Mr. OSUNA (Spain) said that the criteria for allocation and use of fifth cycle resources should not be limited to the "least developed countries" concept. Development should not be seen only in structural terms; economic aspects should also be considered. Some macro-economic indicators gave the impression that certain countries in the Latin American region were overcoming extreme poverty, but in fact their gross domestic product per capita had continued to decrease over the last five years, making the region the leader in negative growth. The healthy economies of most countries offered a sharp contrast with the difficulties experienced in much of sub-Saharan Africa and Latin America, where lack of growth led to worsening poverty, deterioration of public services essential to development, such as health and education, shortage of qualified human resources, growing malnutrition, excessive growth of cities and environmental degradation. Lower living standards created social insecurity and political instability in Latin America, which threatened democratic institutions and human rights.

15. Planning for the fifth cycle should take into account several important factors. External debt was a greater obstacle to development in Latin America than any infrastructure problems; thus, IPFs should be adjusted to correct for the external debt burden. Support for regional economic integration should be reinforced, as the economies of many developing countries lacked viability unless they were integrated into larger economic units. The discussions of the fifth programming cycle should take that factor into account, and the countries of the various regions should be receptive to concerted action on a regional scale. Environmental protection was closely linked to resource utilization, and fifth cycle discussions should address the problems of desertification and deforestation.

16. A global increase in resources was necessary, particularly those oriented to special programmes such as the eradication of poverty or environmental protection. The initiatives of some countries in the fight against drugs should also be given special consideration in the fifth cycle, with emphasis on substitution of crops. Finally, his delegation believed that IPF floors must be maintained.

17. Mr. ZIELINSKI (Poland) regretted that there had been a problem with releasing the last 25 per cent of resources in November 1989. Borrowing from the fifth cycle was an important and timely issue that should be decided at the current session to allow time for project formulation and approval. His delegation supported such borrowing under the conditions listed in DP/1990/7, paragraph 11, with the added condition of full or almost full commitment of fourth cycle IPF resources.

18. The fact that SPR commitment was so high indicated the great value of those resources. His delegation had no problem with over-programming of 15 per cent in some categories.

19. Mr. LANGENBACHER (Switzerland) said that his delegation would prefer more consultation before supporting the release of the final 25 per cent. It also had problems with fifth cycle borrowing arrangements, and would prefer the decision on that matter to be taken at the June session. SPRs were discussed every year by the Governing Council, and appeared to be viewed as an easy initial source of programme resources before looking to IPF and other funding sources. The Governing Council must adopt a coherent policy on resources.

20. Mr. de LIMA (Brazil) and Mr. ALMABROUK (Libyan Arab Jamahiriya) said that their delegations supported the release of the 25 per cent of SPR, and would support fifth cycle borrowing under the conditions listed in paragraph 11 of the report, with the exception of subparagraph (c).

21. Mr. TAL (Director, Planning and Co-ordination Office) welcomed the support expressed for Democratic Yemen and for natural disaster relief programmes and the request for additional resources. The representative of Mauritania had asked whether SPR support to disaster relief activities came under the International Decade for Natural Disaster Reduction. They were not specifically related, but UNDP was a member of the Steering Committee and had added a field-level emphasis to the Decade activities. A substantial increase in disaster management funding was proposed for the fifth cycle.

22. The 25 per cent of funds to be released represented a sum of \$150 million, taking into account both SPR and IPF resources. \$3 million would be sufficient to restore disaster management funding to its pre-1989 levels.

23. The release of the 25 per cent was not subject to paragraph 6 of the report. In essence, the date of release of the funds was simply being advanced. Regarding financing of round tables and NatCAPs, SPRs were considered part of the core resources of UNDP, and round tables were not financed from IPFs.

24. The representative of the United States had asked what share of the 25 per cent to be released was for the first and second years of the fifth cycle, and how much of the 75 per cent was committed. The five-year planning cycle included the previous year, the current year and three future years. Expenditure targets took into consideration resources available and IPF profiles. For future years, the progression of resource commitment was based on resource availability. The 75 per cent and the 25 per cent could not really be separated, and expenditure targets and budget targets were interrelated. The current total resource pool was

(Mr. Tal)

\$850 million for 1990, \$825 million for 1991 and \$800 million for 1992, representing budgets of \$1.1 billion for 1990, \$1.13 billion for 1991 and \$1.1 billion for 1992. The planning process should not be driven by expenditure targets, as programme quality must be assured. There was a direct correlation between financial planning and programme planning. If the 25 per cent were released, that would represent an increase in expenditure for 1990 from \$815 million to \$840 million, and for 1991 from \$825 million to \$860 million, thus ensuring a smooth transition to the next programming cycle.

25. The representative of the United Kingdom had requested clarifications on the expenditure profile, in that from 1992 onwards only a 6 per cent increase was projected. For 1992, the increase would be from \$800 million to \$870 million and for 1993, from \$800 million to \$880 million. Tables 1 and 2 showed two possible calculations for current available resources. No appreciation was allowed for 1990, with a 5 per cent appreciation of the dollar in 1991. Assuming 6 per cent growth, there would be an increase from \$800 to \$870 million in 1992 and from \$800 to \$880 million in 1993. Allowing for a 5 per cent appreciation of the dollar in both 1990 and 1991, however, the base for calculation of available resources would be \$800 million. The Administrator must, on the one hand, ensure prudent release and monitoring of resources, but, on the other hand, must also see that the balance of liquid resources did not become too high. An approach of ensuring smooth growth in the programme had been pursued, so that no significant drops in resources, creating problems for programmes, would be experienced.

26. It had been asked whether a reversal of the present trend of currency parities with the United States dollar, or of contributions, would result in reductions in programming activities. Even with a substantial reversal over the next two years, no major drop would be experienced, but an orderly reduction in the long run would be necessary. A fifth cycle growth in contribution levels of 8 per cent would be needed to maintain momentum, though 6 per cent would be adequate to maintain programmes.

27. He would be glad to meet formally or informally with interested delegations to clarify the issue of the release of the remaining 25 per cent of the resources authorized by Governing Council decision 88/31 A. The Council's decision with respect to the release of the remaining resources should be taken in February 1990, since that decision would have important repercussions. In particular, the planning profile exercise for the fifth cycle, scheduled to begin in early April, was designed to establish both expenditure and budget targets, based on the final expenditures of the last year of the fourth cycle and on future requirements. If the decision on the release of the remaining 25 per cent of the resources was not made until June 1990, the planning profile exercise would either have to be postponed until July or repeated after the decision was made. Either situation would entail a substantial degree of inconvenience for programme managers.

28. In response to the point raised by the representative of the United States of America regarding SPR needs, the fifth-cycle SPR requirements would be presented in detail in a document to be issued in June 1990. With regard to the national

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(Mr. Tal)

technical co-operation assessments and programmes (NaTCAPs) for 1990, at least six NaTCAPs would be initiated in 1990, and in that same year, implementation would begin on over 20 NaTCAP activities.

29. He appreciated the support expressed for the over-programming of SPRs. The manner in which SPR funds were released lent itself to under-expenditure in any given cycle. In order to obtain the level of expenditure needed to use all or a substantial part of the available resources, over-programming by approximately 15 per cent was required. The Administrator had not proposed over-programming for any categories whose financing in the fifth programming cycle was not likely to be approved by the Governing Council.

30. The representative of Sri Lanka had highlighted the issue of poverty alleviation. That item was included in the proposals for fifth-cycle SPRs.

31. Questions had been raised concerning the condition under which borrowing was authorized only if the fifth-cycle IPF of a country was expected to equal or be higher than its fourth-cycle IPF. That principle was less strict than in previous cycles, when borrowing could be authorized only in the case of IPFs which were expected to be greater than the current IPFs.

32. Some delegations had suggested that a decision on the borrowing of IPF entitlements from the fifth cycle should be deferred until the meeting of the Council in June 1990. While postponement of the decision was feasible, the Council's early endorsement of those borrowing arrangements was especially important given the lead time required for project formulation and approval. Furthermore, the provision of resources to certain countries at an early stage was necessary to ensure a smooth transition from the fourth to the fifth programming cycles. In his report (DP/1990/7), the Administrator had suggested that borrowing should be authorized only for countries where the fifth cycle IPF was expected to be equal to, or higher than, the fourth cycle IPF. However, in the light of comments made by the representative of Switzerland and others, it might be prudent to restrict borrowing to those countries where the fifth cycle IPF was certain to be equal or greater than the fourth cycle IPF, regardless of which scenario received the approval of the Governing Council. Moreover, any country that had not committed the totality of its IPF would not be eligible to borrow IPF entitlements.

33. The recommendation to release the remaining 25 per cent of IPFs and SPRs had been made to the Governing Council only after careful monitoring of the resource situation over a period of time, taking into account all the relevant variables.

34. The PRESIDENT suggested that interested delegations, in conjunction with the Secretariat, should hold informal consultations with a view to preparing a draft decision on the issue for adoption by the Governing Council at a subsequent meeting.

35. Mrs. DUDIK GAYOSO (United States of America), supported by Mr. LANGENBACHER (Switzerland), said that she failed to see how the Secretariat could draft a text concerning a subject about which agreement had not been reached. A meeting of the Budget and Finance Committee was called for.

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36. The PRESIDENT said that if he heard no objection, he would take it that the members of the Council wished the Secretariat to arrange an informal meeting of the Budget and Finance Committee.

37. It was so decided.

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE (DP/1990/8)

38. Mr. DRAPER (Administrator of UNDP) said that document DP/1990/8 had been prepared in response to Governing Council decision 89/45, which had invited him to prepare proposals, simulations and resource scenarios illustrating the consequences of the various options for the use of resources in the fifth cycle. The document contained some options which represented a significant departure from previous cycles. Some delegations had requested the preparation of additional scenarios based on options which were not addressed in the document. In that connection, it was important that the Council should provide guidance as to precisely what information was needed for the June session. Furthermore, exploratory scenarios could be prepared informally upon request.

39. UNDP programme delivery for 1990, would be some 45 per cent higher than that achieved in 1987, the first year of the current cycle. That was a significant achievement, particularly since in the past there had been some questions about the delivery capacity of the United Nations system and the absorptive capacity of recipient countries. He was committed to continuing that growth into the fifth cycle with the objective of doubling programme delivery in 1992-1996. It was his belief that real growth in programme delivery should be the minimal acceptable assumption for growth in resources in the fifth cycle. It was up to the Governing Council to provide the direction and necessary resources to meet the challenges of technical co-operation in the 1990s.

40. Central resources were fundamental to the content and scope of the programme of technical co-operation managed by UNDP in the 1990s. In the absence of central resources, UNDP would administer a technical assistance programme which did not apply the available collective experience and expertise. With central resources, UNDP could be a catalyst to development through aid co-ordination activities, quality and evaluation assessments, research and important new development initiatives.

41. Many of the issues concerning the options for country and intercountry indicative planning figures (IPFs), such as the source and use of basic data, multi-island IPFs, IPFs for national liberation movements and Namibia, the Operational Reserve and other less contentious issues should be resolved at the earliest possible stage. He would therefore welcome the Council's decision on those components of resource utilization which lent themselves to common agreement.

42. As measured by the number of documents prepared and the amount of time spent by the Governing Council and the Secretariat, the fourth cycle had been dominated by the issue of net contributor arrangements for the fifth cycle. The sensitivity of that issue warranted thoughtful deliberations and skilful compromise. He

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(Mr. Draper)

therefore proposed that separate informal consultations should be held on the subject, beginning in March 1990, to facilitate the preparation of detailed proposals for the June session of the Governing Council.

43. Recent developments in Eastern Europe underscored the importance of universality as a guiding principle. Along with many other organizations in the United Nations system, UNDP was being called upon to contribute its knowledge and experience in facilitating the transition of several of those countries to sustained economic development.

44. Mr. MOUSSA (Observer for Egypt) said that the preparations for the fifth programming cycle represented the most important item on the agenda of the current special session, because of the impact the fifth cycle would have on future co-operation between UNDP and recipient Governments and the expanding role of UNDP in the 1990s. His delegation wished to reiterate its affirmation of the unique nature of UNDP as an agency of neutral and universal character which provided technical assistance and played a central role in funding.

45. With respect to the options for the allocation of country IPF resources, his delegation favoured Scenario B2 (DP/1990/8, para. 30), which envisaged a distribution based on the categories of least developed countries and non-least developed countries, provided that there was no floor or ceiling to the IPF.

46. More research was needed regarding the use of revised supplementary criteria for the fifth programming cycle. That was especially true in the case of the proposed human development indicator, given that the Administrator's report on that subject had not yet been issued.

47. The allocation for the interregional IPFs should not result in a decrease in the amount of country IPF resources. Moreover, core funds should constitute the bulk of UNDP resources. The trend towards the gradual increase of Special Programme Resources, in particular the thematic SPRs, could undermine the unbiased and stable nature of UNDP co-operation. In addition, the proposal to increase the resources for technical co-operation among developing countries activities merited special attention.

48. His delegation supported the Administrator's objective of doubling voluntary contributions in the fifth cycle.

49. Mr. BOGNER (Austria) said that, in addition to other important matters, the Governing Council had to deal with three issues of far-reaching significance. The first was the allocation of UNDP resources to country and intercountry IPFs during the fifth cycle. In view of the fact that only about 5 per cent of the total capital flow from industrial to developing countries was channelled through UNDP, his Government supported the idea that the bulk of those resources should go to the LDCs and a large part should go to global, interregional and regional programmes. However, before the Council could address the issue of fifth cycle allocations, it had to have a clear understanding of a second issue: the future pattern of agency

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(Mr. Bogner, Austria)

support costs. The third issue concerned organization of the Council's work. Concrete decisions had to be made by the end of June 1990 and, in that connection, it was essential to establish a permanent or quasi-permanent mechanism for consultations among member States, the Secretariat and interested agencies. He noted with satisfaction that a series of informal consultations was already being considered by the Council, and wondered if it would be possible for such consultations to take place outside New York City.

50. Mr. VARADACHARY (India) said that while it appreciated the Administrator's report contained in document DP/1990/8, his delegation felt that the document did not adequately reflect the views expressed by delegations during the informal consultations held in October 1989, when a large number of delegations, particularly those from the least developed and low income countries, had chosen Scenario C from among the scenarios presented in a paper issued on 18 October 1989. Those scenarios should be submitted to the Council for formal consideration and, to that end, proposed that the paper should be distributed as an addendum to document DP/1990/8.

51. Calculations regarding the resources for the fifth programming cycle had to take two factors into account: the amount needed to maintain the same real level of overall delivery as in the fourth cycle and the increasing needs of the developing countries for technical co-operation. The minimal annual growth rate should be at least 8 per cent. The Council should also bear in mind the fact that uninterrupted expansion in the donor countries would enable them to provide more resources and that disarmament activities would release resources that could be used for development and technical co-operation.

52. Resource allocation should be based on the principles set forth in Governing Council decision 89/20 and General Assembly resolution 44/211, which emphasized priority allocation of scarce grant resources to low-income countries. However, the scenarios proposed by the Administrator were not fully in accord with those principles. His delegation believed that the Governing Council should not make resource allocations that excluded low-income countries, nor should it reduce the IPF allocations of such countries, unless it had decided that they no longer required technical assistance.

53. India strongly supported the ratios between SPRs and IPFs and between country and intercountry IPFs as set forth in Governing Council decision 85/16. With respect to IPF allocation, it proposed the following: (a) continued use of the floor principle. Any departure from that principle would cause a serious disruption in the flow of technical assistance to the developing countries and would adversely affect their economies; (b) granting of priority to the time-tested criteria of population and per capita gross national product (GNP); (c) a more precise classification of recipient countries so that countries with widely differing levels of development were not lumped together; (d) introduction of a weighting method for population above 100 million; and (e) the development of supplementary criteria which were quantifiable, objective, well-defined and measurable on the basis of published data. Prescriptive and subjective criteria

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(Mr. Varadachary, India)

must be avoided. Greater clarity was also needed in defining social and poverty indicators. The criteria for indebtedness should not be given priority over the basic criteria of population and GNP and supplementary criteria concerning primary developmental needs, nor should they divert resources from low-income to middle-income countries.

54. The level of SPRs for the fifth cycle should be close to the level established in Governing Council decision 85/16. Any increase in the share of SPRs should be carefully scrutinized. The Council should avoid allocating too many resources to procedural activities, and the proposed allocations for the human development report and environmental activities needed to be examined in that light. India continued to regard the involvement of UNDP in the promotion of the private sector as a prescriptive activity. It questioned the proposed allocation of \$20 million for innovative approaches. Lastly, his delegation agreed that the management development programme should be funded in the fifth cycle from the IPFs of interested countries.

55. Mr. KING (Observer for Trinidad and Tobago), speaking on behalf of the Latin American and Caribbean group of countries, said that those countries had entered the 1990s in a development crisis. The general process of democratization in the region had become stronger, but a continued decline in economic and social conditions could jeopardize social and political stability. International co-operation was a key element in helping those countries overcome the crisis, and technical co-operation was critical to the promotion of development. The type of technical assistance needed might have changed, but the need itself had not disappeared. General Assembly resolutions 2688 (XXV) and 3405 (XXX) were still relevant.

56. Technical co-operation must continue to support efforts by developing countries to advance their national, subregional and regional development, and should not be thought of as paternalistic assistance. Technical co-operation through UNDP should continue to focus on development and emphasize the effective and efficient absorption of the resources allocated. The countries of Latin America and the Caribbean had always attached great importance to the work of UNDP, and had been able to make proper use of all the resources allocated for their development programmes. The resources allocated to them should be adequate to support the pursuit of their development objectives and arrest the deterioration in their economic circumstances.

57. Self-reliance must be promoted by building up productive capacity and increasing the managerial, technical, administrative and research capabilities required for development. That would be possible only if resources were provided on a continuous and predictable basis. The principles of universality, neutrality and flexibility must be fully respected in the allocation of resources for the fifth programming cycle.

58. To ensure the continued strengthening of multilateral co-operation through technical co-operation, the resources allocated to UNDP clearly needed to increase

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(Mr. King, Observer, Trinidad and Tobago)

by at least 8 per cent annually in real terms, and must be distributed so as to take account of changes in inflation if the problems of developing countries were to be effectively addressed. The real value of the "floor" should be maintained in order to guarantee predictability and continuity.

59. The duration of each cycle should be kept at five years, and the relative proportions of country IPFs and regional, interregional and global programmes should be maintained. The current proportion of 80 per cent to 20 per cent in the distribution of resources between poorer countries and the rest should also be maintained in order to preserve equity. Any increase or decrease in total resources should be distributed equitably in proportion to country IPFs.

60. Given the continuing need for technical co-operation to promote development, developing countries should not be "graduated" from access to technical co-operation through UNDP. The principle of net contributor status should be given very careful consideration, taking into account the experience of the fourth cycle. The tensions which that principle had brought to discussions in the Council should be allowed to dissipate, and the full voluntary spirit and universal character of UNDP should be recaptured in the fifth cycle.

61. Finally, the Latin American and Caribbean Group believed that supplementary criteria should continue to be used during the fifth programming cycle.

62. Mr. JASINSKI (Poland) said that, knowing from experience the advantages and effectiveness of technical co-operation provided by UNDP and other United Nations organs and agencies, his delegation would wish the overall volume of resources for the fifth cycle to be at the highest possible level. Technical co-operation was important in much more than merely financial terms. His delegation broadly agreed with the proposed distribution of resources for different categories of programme, welcoming in particular the emphasis on the environment, poverty alleviation, technical co-operation among developing countries, management development and new initiatives. The proportion of fifth cycle resources allocated to intercountry IPF programmes should not be less than during the current cycle; at the same time, even greater involvement of both IPF and non-IPF countries in regional, interregional and global programmes should be encouraged. The experience of such co-operation within, for example, the regional programme for Europe was an argument in favour of enhancing such activities, especially since they tended to reinforce activities carried out under country programmes.

63. On the question of resource allocation to individual country IPFs, he welcomed the information and ideas in document DP/1990/8. The Administration deserved praise for initiating a series of consultations before the current meeting on the economic and social situation of various countries and their need for technical co-operation, from the United Nations system in particular. In Poland's view, supplementary criteria for IPF allocation had assumed increasing weight vis-à-vis the basic criteria. In 1989, the Council had discussed the problems of a number of countries which, despite relatively high per capita GNP, were facing a serious deterioration in economic conditions, and criteria for allowing such countries

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(Mr. Jasinski, Poland)

special treatment in respect of their monetary obligations towards UNDP had been drawn up (DP/1990/8, annex III). Now another group of countries faced difficult economic and social conditions as a result of changing from an old to a new economic system. One such country was his own, which had just embarked on a very difficult economic programme approved by the International Monetary Fund. The ultimate goal was to turn the Polish economy into an efficient tool for creating national wealth and a healthy part of the international trade system. Assistance in that endeavour was, however, badly needed. Accordingly, he fully supported the inclusion of the criterion "economy in transition" into the set of supplementary criteria. Increased technical assistance to countries in that category would be in the interest of the whole international community. Countries transforming their economic systems, at the cost of enormous sacrifice by their populations, should be given special treatment by UNDP. The Administration should develop a set of measures for determining whether countries qualified for special assistance as economies in transition. In all probability, such a classification would be a one-time operation applicable only to the forthcoming programming cycle. The appropriations for the fifth cycle could also provide an opportunity for considering any outstanding claims that countries had not been allocated adequate IPFs in previous cycles.

64. Mr. OSELLA (Observer for Argentina) endorsed the remarks made by the Observer for Trinidad and Tobago. He pointed out that all the scenarios envisaged in document DP/1990/8 implied real reductions in the resources allocated to the Latin American and Caribbean region despite the fact that conditions throughout the region had declined in the 1980s. As the economic stagnation in the region was in part the result of external factors, which could not be resolved simply through changes in domestic policy, the basic criteria currently in use did not seem to reflect the reality of the situation. They needed to be revised, for otherwise the decisions taken would adversely affect the universality and neutrality of the programme.

65. He reaffirmed the principle of the "floor" for resource allocations during the fifth cycle. The floor should not be lower than that set during the fourth cycle, since the situation in the region was not such that countries could accept any reduction. The current proportions of country IPFs to regional, interregional and global programmes needed to be maintained.

66. Paragraph 38 of document DP/1990/8 referred to some supplementary criteria and indicators. His delegation felt that those used by the Economic Commission for Latin America and the Caribbean in its studies on critical poverty also needed to be taken into account in order to reflect the true situation in Latin America correctly. If purchasing power was measured by the proven yardstick of hours worked to buy a standard basket of goods, it would be seen to have dropped alarmingly in the region over the past decade.

67. Special programme resources were, in his delegation's view, chiefly of interest for topics that could attract financial and technical resources beyond those available from the core programme. The extra resources could be multilateral

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(Mr. Osella, Observer, Argentina)

or multilateral; it was hard to determine how a project should be financed without knowing its terms of reference. The proposals made in paragraphs 11 to 26 of document DP/1990/8 should remain under discussion on the assumption that they would not affect the allocation of resources to country IPFs and regional programmes.

68. He was confident that the Latin American and Caribbean region would be able to continue to participate in UNDP activities on the same terms as before. If not, the universality of the programme would be adversely affected, and that fact would be reflected not only in the funding and execution of projects but in participation by the countries of the region in UNDP itself.

69. Mr. OGAWA (Japan) said that the informal consultations on the fifth cycle, which had already been held would, in his delegation's view, greatly facilitate a decision at the forty-seventh session. The fifth cycle should be considered rather from a broad perspective - how to make UNDP activities more effective and efficient - than from the narrow one of how to distribute resources; decisions on the fifth cycle should be considered as a package including other specific measures to improve operational activities by UNDP and, indeed, the entire United Nations system.

70. His delegation felt that debate on the most realistic figure for real annual growth in fifth cycle resources was rather academic. The figure for annual growth was simply an instrument for financial planning, and should not be used as a yardstick for measuring the financial or political commitment of donors. His country was firmly committed to supporting UNDP activities, but its support would depend on various factors, including unforeseen requirements in its official development assistance budget and, more important, the effectiveness and efficiency of UNDP programmes. For those reasons, and for the sake of financial prudence and credibility, his delegation favoured a figure in the range of 5 to 6 per cent annual growth for the period 1992 to 1996.

71. In principle, his delegation supported the proposal to increase the share of special programme resources to 5 per cent of the total, but required more detailed justification for the specific figures given in document DP/1990/8, table 2. It was not convinced by the explanation given for the cut in resources for the management development programme. While it agreed that funds for the programme were intended to be seed money, to be supplemented by funding from other sources, it had not expected the programme to be scaled down or phased out, particularly at such an early stage. He called for further information on current commitments and prospective resource requirements before any decision was taken on the matter.

72. His delegation was of the view that development needs were not necessarily commensurate with the population of any particular country: the weight accorded to population might be reduced by, for example, introducing a ceiling for the weighting. The result might be to increase the share for small countries, many of which had greater need to strengthen their national capacities. In that connection, he believed that the adoption of least-developed country status as a criterion for resource allocation merited positive consideration.

(Mr. Ogawa, Japan)

73. The principle of net contributor status was important, and should be maintained. There was, however, a need for refinements in the specific arrangements to put the principle into effect, and in that regard he welcomed the Administration's proposal.

The meeting rose at 12.55 p.m.



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1990/SR.5
26 February 1990

ORIGINAL: ENGLISH

GOVERNING COUNCIL

Organizational meeting for 1990

SUMMARY RECORD OF THE 5th MEETING

Held at Headquarters, New York,
on Wednesday, 21 February 1990, at 3 p.m.

President:

Mr. POPESCU

(Romania)

CONTENTS

Election of officers (continued)

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Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

The meeting was called to order at 3.10 p.m.

ELECTION OF OFFICERS (continued)

1. The PRESIDENT said that the Group of Asian and Pacific States had nominated Mr. Reyes (Philippines) for one of the offices of Vice-President.
2. Mr. Reyes (Philippines) was elected Vice-President by acclamation.
3. Mr. CABACTULAN (Philippines) said that he would be standing in for Mr. Reyes until he was able to attend.

The meeting rose at 3.20 p.m.



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1990/SR.6
27 February 1990

ORIGINAL: ENGLISH

GOVERNING COUNCIL

Special session

SUMMARY RECORD OF THE 6th MEETING

Held at Headquarters, New York,
on Wednesday, 21 February 1990, at 3.20 p.m.

<u>President:</u>	Mr. POPESCU	(Romania)
later:	Mr. BABINGTON (Vice-President)	(Australia)

CONTENTS

Preparations for the fifth programming cycle (continued)

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The meeting was called to order at 3.20 p.m.

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE (continued) (DP/1990/8)

1. Mr. OSUNA (Spain) said that he wished to clarify that his remarks at the previous meeting should be seen in the light of the subsequent debate.
2. Mr. MILINTACHINDA (Observer for Thailand) said that while he agreed that, as stated in the note by the Administrator (DP/1990/8, para. 4), a change in the length of the programming cycle and a possible introduction of a rolling cycle had not carried support, there had instead been considerable support for a proposed ceiling of 75 per cent on the carry-forward of indicative planning figure (IPF) entitlements between cycles as a good way of promoting programme delivery as a whole.
3. On the question of the share of total fifth-cycle resources to be allocated to Special Programme Resources (SPR), his delegation found the huge increase proposed in the percentage share of SPR-financed programmes (DP/1990/8, para. 11) unacceptable. The estimated figures for aid co-ordination, programme development and the new thematic SPR given in table 2 were too high, and could surely be lowered.
4. Thailand believed that the intercountry IPF programmes should continue to receive a 19-per-cent share of total fifth-cycle IPF resources. The various scenarios for the allocation of IPF resources to individual country IPFs would, to judge from the figures in annex I, lower the IPFs for one group of countries if those for another group were raised. Such an impact could be avoided if the fourth-cycle guidelines and criteria were applied to the fifth cycle, allocating 80 per cent of the total amount available for individual country IPFs to low-income countries. As to the least developed countries, more resources would be allocated to them through the proposed new "human development" supplementary criterion (DP/1990/8, para. 38), which his delegation would support.
5. Also in connection with the supplementary criteria, the Council should reconsider the methodology by which countries with high population growth rates were rewarded and those with successful family planning policies were penalized: success in family planning should be made one of the supplementary criteria.
6. Mr. DORANI (Djibouti) appealed to donor countries to increase their contributions by 6 to 8 per cent in real terms. Furthermore, the resources allocated to the least developed countries should be raised to 60 per cent of the budget. Special Programme Resources (SPR) should be substantially increased for developing countries with specific problems and for the least developed countries, Djibouti among them.
7. The various resource scenarios proposed by the Administrator in document DP/1990/8, based as they were on traditional criteria without regard for other criteria such as standard of living, education and health, did not reflect the real

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(Mr. Dorani, Djibouti)

economic and social picture in the developing countries. There should be further discussion on the criteria to be adopted before taking a decision on the allocation of funds. Djibouti considered that scenario E1 (DP/1990/8, para. 33), which took into account the human development indicator, was the most appropriate.

8. UNDP had used an incorrect statistical base to determine Djibouti's population and per capita gross national product (GNP): the correct figures were a population of 510,000 and a per capita GNP of \$475. The official statistics published by each country should always be used as the base.

9. Mr. DINU (Romania) said that the political will of the developed countries would be crucial in the next cycle, as would an efficient use of existing resources. The alternative scenarios proposed by the Administrator for raising the rate of voluntary contributions seemed to offer a good basis for discussion. Realism demanded recognition of the growing economic and social difficulties faced by many developing countries. His own country, for instance, facing an economic crisis during a painful transition, needed development assistance more than ever, yet UNDP was planning to reduce its allocation. The statistics used for the GNP and other indicators, moreover, should be revised to reflect the true figures: in Romania's case, the GNP had been grossly exaggerated. Realism also demanded the recognition of the unprecedented détente prevailing in international relations, one tangible proof of which would be a real growth in voluntary contributions to UNDP, as advocated in General Assembly resolution 44/211.

10. Among the various scenarios proposed by the Administrator, Romania favoured maintaining the floor principle and the traditional criteria and adopting the proposed new criteria in table 3, particularly the "economy in transition" criterion listed under economic and foreign-trade indicators and the human development indicator listed under social and poverty indicators. The implications of any new criteria should, on the other hand, be carefully studied, particularly any social and economic costs involved, such as inflation.

11. Romania endorsed the Administrator's proposal (DP/1990/8, para. 11) to increase the percentage share of programmes financed from Special Programme Resources (SPR) to 5 per cent, although the specific sum would depend on the total resources available. More assistance should be given particularly for reconstruction and rehabilitation and technical co-operation among developing countries (TCDC) as listed in table 2. Also, the intercountry IPF programme share of total IPF resources should be maintained at 19 per cent (DP/1990/8, para. 27).

12. Mr. DJOUDI (Observer for Algeria) said that UNDP, in mobilizing the critically needed resources for development and making preparations for the fifth cycle, should be guided by its experience. The same basic principles that had governed the four preceding cycles must be applied to the proposed scenarios, which should be consonant with paragraph 13 of the 1970 consensus in the annex to General Assembly resolution 2688 (XXV). Thus, any scenario based on zero real growth would be out of step with the understandings reached in previous Assembly resolutions.

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(Mr. Djoudi, Observer, Algeria)

13. In keeping with those same basic principles, a significant proportion of fifth-cycle resources must continue to be allocated to the least developed countries, and it was an unacceptable divisive tactic to lump them together with the developing countries as a whole when discussing resource allocations. Any reduction in overall resources should be dealt with not by reducing programme resources but rather by reducing administrative and support costs.
14. The basic principles underlying operational activities for development also demanded a strict observance of the floor principle. If resources were to be predictable, the erratic fluctuations of exchange rates that were seriously disturbing programming efforts must be eliminated.
15. For all their defects, the basic criteria of GNP and population were still valid in determining the allocation of resources. His delegation therefore regretted that it had been decided to abandon the international comparison initiated during the fourth cycle in order to develop reliable ways of estimating real GNP. The shortcomings of the basic criteria were aggravated by the use of outdated statistics. It was logical that a fifth cycle starting in 1992 could not be based on 1988 data. The statistics used for Algeria in document DP/1990/8, for instance, in no way reflected the prevailing situation because they disregarded recent adjustments, and his Government hoped that the necessary corrections would be made.
16. Any new supplementary criteria that might be introduced should serve the traditional purpose of tempering the inequities arising from the application of the two basic criteria. Yet the proposed human development indicator (DP/1990/8, para. 38) would have the opposite effect by rewarding policies that ignored social justice and the human element in the distribution of national income. The deleterious effects of introducing that criterion would be compounded by the proposed deletion of the traditional "social justice" criterion (*ibid.*, para. 34), just as would the replacement of the existing international debt indicators by the new criterion of severe indebtedness (*ibid.*, para. 37).
17. Algeria believed that any increase in Special Programme Resources (SPR) should be channelled towards financing co-operation for development. The proposed allocation of \$5 million to the publication of yet another report on human development was in no way a priority. The proposed allocations to environmental protection activities were, on the other hand, a matter of priority, and an explicit reference should be made to the struggle against desertification and drought as a universal problem. Environmental protection depended on the revival of the economic growth of developing countries, which must remain a goal of UNDP during the fifth cycle.
18. Mr. AGUILAR-HECHT (Guatemala) said that in view of the deteriorating economic and social situation in Central America, the Central American authorities responsible for executing the Special Plan of Economic Co-operation for Central America, initially conceived as a three-year plan ending in 1991, had agreed to request that continued SPR financing should be included in the fifth cycle, at the

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(Mr. Aguilar-Hecht, Guatemala)

same level in real terms as the fourth-cycle allocation. The successful termination of the projects and programmes begun under the Plan required renewed assistance from the international community and UNDP in particular, if the 1987 Guatemala Agreement was to be implemented. Central Americans were convinced that peace, development and democracy were inseparable. The Central American Presidents, at their meeting in December 1989, had underscored the continuing importance of the Plan for economic and social development as a prerequisite for peace. Security Council resolution 637 (1989) had also expressed firmest support for the Guatemala Agreement, which had led to the Plan. He hoped that the request for the inclusion of financing for the Plan in the fifth cycle would receive the Council's support.

19. Mr. FERGUSON (Guyana) said that his delegation supported the statement by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean region concerning the fifth cycle. His delegation wondered if the thematic approach would compromise UNDP's universal character and its development role. In order to fulfil that role, UNDP must continue to focus on the ever-present themes of the quality of life, low standards of living in developing countries, weak infrastructures and social, educational and health problems.

20. While his delegation supported General Assembly resolution 44/211, the practice of increasing assistance on the basis of need, rather than on development efforts made by beneficiary countries, did not encourage capacity-building. The current criteria should be changed, as they discriminated against countries with small populations, whose needs were as great as those of other countries. The supplementary criteria should also be improved. The elimination of intercountry programming would weaken UNDP by doing away with regional programmes, which recognized subregional activities for co-operation and integration. Without intercountry programming, the countries of the Caribbean Community (CARICOM), which received barely 1 per cent of all programmed resources, would be further marginalized. Clearly, that situation would be unacceptable. In view of the rapid changes in the global economy and the persistent economic problems of developing countries, the need for adequate resources was critical.

21. Mr. Babington (Australia), Vice-President, took the Chair.

22. Ms. AL-AWADI (Observer for Kuwait) said that certain countries' requests for increased support were justified. Her delegation endorsed the Administrator's request for \$11 million to support the Palestinian people in the occupied territories, whose intifadah was in its third year. UNDP and the international community should increase their assistance to the Palestinian people, whose living conditions were harsh, and whose basic right to live in freedom and dignity was denied.

23. Her delegation fully supported the Administrator's proposal to provide over \$55 million in Special Programme Resources (SPR) to deal with environmental problems in the least developed countries. The special needs of those countries in the areas of education, health care and human resources development should also be studied, and assistance should be increased accordingly.

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24. Mr. VARGAS (Observer for Brazil) supported the statement by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean region concerning the fifth cycle. It was his delegation's understanding that, beyond a mere statistical exercise, the allocation of resources for the fifth cycle reflected the political will of the international community to strengthen multilateral co-operation for development. The need for financial resources for development was particularly great in Latin America and the Caribbean, where the external debt crisis, inflation and the economic consequences of stabilization measures increased the risk of social unrest. An increase in real terms in resources for the fifth cycle and the maintenance of the floor principle were therefore imperative. It was regrettable that an 8-per-cent increase - which his delegation believed was the very minimum - had not been considered among the alternatives presented in the Administrator's note (DP/1990/8). The note was also timid in that it selected only two bases for outlining resource scenarios. It was not clear why there was no scenario which maintained the floor but dispensed with the ceiling.

25. The basic criteria for the allocation of resources should be adjusted so that they would genuinely reflect the situation of the countries concerned. As in the current cycle, 19 per cent of the total resources should be allocated to intercountry IPFs, and 81 per cent to country IPFs. Supplementary criteria should be maintained and improved and, in any case, should not distort IPF calculations. In conclusion, information on allocations for each recipient country in the current cycle, the return generated by those resources, and the nature of the projects for which the resources were utilized would facilitate the Council's deliberations at the June 1990 session.

26. Mr. TEODOROVICH (Union of Soviet Socialist Republics) said that experience had demonstrated the need for flexibility and realism in the allocation of development resources and for a mutually acceptable and consensual resource scenario alternative based on a conservative assessment of growth in voluntary contributions; it was easier to make rational use of additional resources than to scale back projects on which much work had already been expended. Since resources would never be adequate to demand, priorities and criteria had to be established to ensure a sufficiently stable and balanced policy.

27. Greater attention must be paid to a more effective distribution of allocations to SPR and IPFs both for intercountry programmes and for individual countries. Machinery was needed to permit more effective correction of the level of IPFs in accordance with the level of contributions and existing trends, and to solve problems arising in a balanced way without injuring the interests of individual countries or regions.

28. He endorsed the proposal to increase the financing of SPR from 3.5 per cent to 5 per cent because it reflected the current international economic situation and would make it possible to increase UNDP's contribution to the solution of social problems and would stimulate new approaches to economic co-operation and development. Regarding IPFs, he said he was concerned about the transfer of accumulated unused resources from one cycle to the other and could not agree to ceilings. Countries in which IPFs were currently not being fully used for any

(Mr. Teodorovich, USSR)

reason would need much greater help when those reasons ceased to impede the execution of technical assistance programmes. As for the basic principles underlying resource distribution, it should be kept in mind that absolute objectivity would never be possible.

29. The new supplementary criteria proposed by the Administrator reflected ongoing changes and were subject to evaluation and identification. The explanations in paragraphs 36 and 37 of his note (DP/1990/8) could become the basis for the integration of the criteria into the existing structure and could be elaborated taking into account the views of all parties concerned. That applied equally to the possible criteria for waiving net contributor obligations discussed in annex III to the Administrator's note.

30. The Soviet Union remained a firm supporter of UNDP. It was itself in a period of unprecedented economic reform and fully took into account the new world economic situation and the economic interests and priorities of its trading partners in the West and in the South. It was establishing new machinery for co-operation in Eastern Europe, whose potential for contributing to the system of multilateral technical assistance deserved the Administrator's attention.

31. The equal and full participation of third-world countries in international economic relations would help depoliticize economic aid, expand inter-State co-ordination in that area and help implement the principle of disarmament for development. The latter would release resources for promoting the growth of the developing countries and for intensifying the economic activities of the United Nations, including UNDP.

32. Mr. ROHNER (Switzerland) proposed an alternative approach to resource allocation which differed from the Administrator's approach with respect to the functions of country IPFs, the net contributor principle and the integration of intercountry IPFs and Special Programme Resources (SPR). Available resources for country IPFs should be allocated largely to the least developed countries and other low-income countries for financing technical co-operation. In the middle-income countries, IPFs should be used as "seed money" to generate programmes of technically advanced co-operation. Those countries would receive a package consisting of a fixed, relatively small IPF; priority access to UNDP's "other programmable resources"; and a standard UNDP country representation and specific services to assist Governments in the generation and co-financing of programme activities.

33. Under the Swiss alternative, the net contributor principle would be replaced and UNDP field office presence in a country would be linked to programme activities financed out of core and non-core resources (co-financing). In middle-income countries, the package would be contingent on the generation of a certain level of programme activity. Intercountry IPFs, SPR and funds of other centrally managed programme activities would be combined into a single category entitled "other programmable resources", to be allocated on the basis of regional and thematic criteria.

(Mr. Rohner, Switzerland)

34. The Swiss proposal for distributing fifth-cycle resources, detailed in an annex to his statement, provided for 75 per cent of field programme resources to be allocated to country IPFs and the remainder to intercountry IPFs, special programme resources and "other programmable resources". The least developed countries would receive 60 per cent of IPF resources. Of the remaining 40 per cent, fixed IPFs of \$1 million would be allocated to middle-income countries with a per capita income of over \$1,500 as part of their assistance package. The breakdown under intercountry IPFs/other programmable resources would be: 40 per cent to regional programmes, 10 per cent to global programmes, 40 per cent to thematic programmes and 10 per cent to the traditional SPR.

35. In each of the four Swiss scenarios, an annual growth rate of 6 per cent and \$989 in programme resources for 1991 were assumed. The first and second scenarios would be based on Governing Council decision 85/16. In the second, third and fourth scenarios, 75 per cent of resources would be allocated to country IPFs. In the third scenario, the country IPFs would be distributed as proposed by the Administrator, and in the fourth, 60 per cent of the country IPFs would be allocated to the least developed countries.

36. A separate table for each scenario should be presented to the Council. These tables should list countries in ascending order of their GNP/per capita income and, at the end, indicate total country IPFs per region, and the total for the least developed countries and other low-income countries per income group. Columns should be labeled "GNP per capita income for 1988"; "GNP per capita income for 1983" (the basis of the fourth programming cycle); "population 1988"; "population 1983"; and "fourth-cycle IPF". There should also be a column showing distribution criteria based on per capita income brackets of up to \$375, \$750 and \$1,500, and a floor, supplementary criteria and population weighting, all in accordance with decision 85/16. Another column would show the same income breakpoints but with no floor, no supplementary criteria and a population weighting above \$100 million constant.

37. Mr. SOTIROV (Bulgaria) said that while UNDP's focus on the least developed countries and global issues, such as the environment, was understandable, the Programme must not lose sight of the principles of universality and non-conditionality. Supplementary criteria for calculating individual IPFs should take into account external debt, economic transitions and the acute environmental problems in certain European countries. UNDP should also effect mid-term adjustments in order to update the often obsolete data used to calculate individual IPFs. For example, as Bulgaria underwent a transition, gradual price decontrol was straining the economy and causing social tension. In December alone, industrial production had decreased by 12 per cent. The Bulgarian external debt was also the third largest per capita of any Eastern European country. Such more recent factors should be taken into account.

38. During the fifth cycle, Bulgaria's IPF should be focused on two priority areas: environmental protection measures and management. As environmental problems knew no borders, measures taken in Bulgaria with UNDP assistance might

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(Mr. Sotirov, Bulgaria)

ultimately benefit other countries. With UNDP assistance at the macro-economic level, Bulgaria could resolve problems in its economy, with a view to becoming a large UNDP contributor, even in convertible currencies.

39. Mr. MAJOOR (Netherlands) reaffirmed his delegation's basic position in favour of concentrating UNDP resources on the poorest countries - those most in need of technical assistance - and of taking a more thematic approach in the hope of attracting more core resources for the Programme. In that sense, the fifth-cycle orientation would have larger implications for future programming cycles. Since, ultimately, donor contributions would be based on national aid budgets and the attractiveness of UNDP relative to other programmes fixing a 6-per-cent nominal growth rate seemed realistic. Alternatives to using the United States dollar in calculating the overall level of available resources continued to be of interest to his delegation.

40. While his delegation favoured the expansion of Special Programme Resources (SPR), it was not yet prepared to accept the sub-division of those resources into themes or programmes, such as disaster relief, based on the limited information provided in the Administrator's note (DP/1990/8).

41. If greater attention was to be devoted to the poorest countries, the floor principle must be eliminated. In that connection, information on the total resources allocated to the least developed countries - both from country and non-country IPFs and from SPR - would be useful. With respect to the net contributor status, his delegation would prefer to pursue the idea of allocating the same IPF to every country with a per capita GNP over a certain amount - \$US 1,500, for example.

42. The Swiss proposals concerning approaches to the fifth cycle should be duly considered in future Council discussions. In conclusion, his delegation would appreciate information on UNDP activities contemplated for Eastern Europe. The Eastern European countries should receive considerable assistance to support their economic reforms, but not to the detriment of the poorer countries.

43. Mr. CHAUDOUET (France), referring to the resource scenario options for the fifth cycle described in paragraph 5 of the Administrator's note (DP/1990/8) said that he preferred alternative 2, which assumed an annual growth rate of 8 per cent. One could not know what the inflation rate would be and the need was for growth in real terms. Nor was there any certainty that increased contributions would be forthcoming from donors as a consequence of reductions in military expenditure; resources could be attracted only through efficiency and quality. He renewed his request for a study of the impact of dollar fluctuations. Calculations should be based on a basket of currencies and IPF resources should be concentrated on the least developed countries. The principle of universality must also be kept in mind.

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(Mr. Chaudouet, France)

44. He could agree to doubling the allocations to SPR if those allocations were judicious, and he stressed the importance of disaster relief and good personnel training as well as the need for further improvement in aid co-ordination. He was surprised by certain cuts proposed by the Administrator and felt that his note should have provided more information on areas of activity as well as an assessment of activities.

45. Ms. COLLOTON (United States of America) said that the funding strategy for the fifth cycle should reflect financial and political realities. It would be prudent to make conservative projections that could easily be revised. The focus should be simply on maintaining the current level of programming. As for the concentration of resources on the poorer countries, she said that technical assistance should go primarily to countries that had no other alternatives for meeting their needs. The floor principle and the principle of graduation should be retained. She wanted no major changes in current supplementary criteria, and more focus on cross cutting issues of global concern through centrally managed and other resources and co-ordination of programmes.

46. UNDP could point to a number of successes in areas such as AIDS, tropical-disease research, drug research and pest control. Its research on slash-and-burn agricultural practices and on improving the potato crop would help many countries. Scientists trained in the genetic evaluation and utilization of rice had also scored notable successes. UNDP would, of course, have an important role to play in the drug programme outlined at the current special session of the General Assembly.

47. Member States should become more involved in the quality of programmes and should consider ways to improve control. UNDP should consider the establishment of partial project funding arrangements, as in the case of the United Nations Development Fund for Women. The proposals put forward by Switzerland were interesting and deserved further exploration. The concept of adjusting IPFs to the specific needs of individual countries was a good one, as was the idea of having field offices in countries with limited IPFs. Further consideration should also be given to the idea of combining the centrally managed resources and the global and interregional IPFs with more systematic planning and programming of their use. She supported the comment by the representative of Japan on the distribution of SPR and would like details of specific proposals.

48. Mr. PERERA (Sri Lanka) said that his Government was interested in any changes in the resource allocation process for the fifth cycle. The Administrator's note (DP/1990/8) provided a realistic resource scenario, but a 6-per-cent growth rate in voluntary contributions would be just enough to maintain the current programme level, provided inflation did not exceed 6 per cent. Since UNDP had to respond to increasing needs, a resource scenario based on a higher rate of voluntary contributions was necessary to provide at least a modest growth rate.

49. He approved of the scenario in alternative 2 in paragraph 7 of the Administrator's note and supported the maintenance of the floor principle in the

(Mr. Perera, Sri Lanka)

allocation of country IPFs. He further supported the increased provision proposed for disaster relief and appreciated the need for improved aid co-ordination and programme quality and delivery, but he felt that the increase in the allocation for disaster relief was too modest when compared to the increase in the allocation for aid co-ordination. Disaster management in particular needed further support. He could not support new SPR-financed programmes because they would involve a reduction in the country IPF. Greater reliance on national consultants and agencies could make UNDP more cost effective and address national priorities more effectively. In the allocation of SPR funds, more weight should be given to disaster management and environmental and poverty-alleviation programmes. He favoured continuation of the current share of 19 per cent of the IPF for the intercountry programmes.

50. Mr. LOPES DE COSTA (Portugal) said that the Administrator's note (DP/1990/8) had incorrectly listed his country as a recipient when in fact it was a net contributor. He supported the Swiss proposal concerning the fifth programming cycle option and favoured greater concentration on the poorest countries and increased funds for the least developed countries.

51. Ms. HELLSTROM (Sweden), speaking on behalf of the Nordic countries, said that studies showed that there was a need for changes in United Nations technical assistance, and she stressed the need for efficient and coherent delivery geared to the needs of the recipient countries.

52. UNDP's funding assumptions should be realistic and based on anticipated voluntary contributions to core sources alone. If more countries would meet the recommended target of 0.7 per cent of GNP, UNDP's resources could be increased considerably. The considerable contributions of the Nordic countries to UNDP should not be taken for granted. The content and direction of its activities, and its willingness to implement reforms, would have a decisive impact. The growth target in the lower range of options presented by the Administrator seemed adequate and would avoid the disruptions that had arisen in the past from unrealistic targets.

53. The distribution of resources should take into account the multilateral, universal and voluntary character of the Programme. Universality, of course, meant that all members participated in the work of the Programme in different ways and not that they all were entitled to receive IPFs. The trend towards an increased share of resources going to the poorest, and particularly the least developed countries, should continue.

54. She agreed to an increase in centrally managed resources in the fifth cycle in order to allow for a more active role in dealing with internationally agreed priorities, particularly environment and the integration of women in development. Activities to increase regional co-operation and deal with regional problems should be intensified. The programming and implementation of non-country IPFs needed improvement. The proposal to increase SPR to 5 per cent of total resources was interesting. The focus of SPR should be to improve programme quality, national

(Ms. Hellstrom, Sweden)

capacity-building and co-ordination. The formula for the distribution of IPFs should be simplified. Graduation and net contributor status should be maintained and the floor principle should be abolished. The per capita GNP and population criteria should be maintained, while supplementary criteria should be limited and objective and should enhance the poverty orientation of the programme.

55. Mr. PETTITT (United Kingdom) said that the fifth cycle should be regarded as constituting a new start and that only the better features of previous cycles should be retained. For planning purposes, a base-year figure and a figure for annual increments were needed, and he proposed that they should be \$980 million in 1991 and 4 per cent, a realistic rate, respectively. It was to be hoped that those figures could then be translated into SPR, as proposed by the representatives of France and the Netherlands.

56. The current distribution of resources among countries did not adequately reflect the priorities stipulated in Governing Council decision 89/20 or General Assembly resolution 44/211. In fact, a study by the World Bank indicated that UNDP was currently the least poverty-conscious of the major multilateral development agencies. The Programme should substantially redirect its general resources to poor countries, particularly those where human resource development was most lacking. His delegation consequently supported the proposal by the representative of Switzerland regarding a prior allocation of resources to least developed countries in order to effect a substantial increase in their share of IPF resources. Individual allocations should then reflect the criteria adopted by the Council, such as per capita GNP or population. An alternative to prior allocations might be the adoption of an acceptable human resources development indicator to replace the criterion of per capita GNP. Perhaps the secretariat could develop such an indicator for submission to the Council at its June 1990 session.

57. The Programme's focus on poverty should be enhanced not only by increasing the share of resources allocated to least developed countries but also by instituting an appropriate cut-off for mainstream LPF assistance. In that regard, his proposal differed slightly from that of the representative of Switzerland in that the cut-off of grant assistance should be the criterion used by the World Bank for determining International Development Association (IDA) eligibility.

58. Allocations should not be affected by a floor; the retention of that principle had diverted resources away from those most in need. Nor was there any need to develop supplementary criteria for allocating resources. The main criteria in use - per capita GNP, human development indicators and population - were adequate, with indebtedness adequately reflected in the human development indicator.

59. The net contributor principle had achieved some of its objectives and ought to be abandoned. The Council should be content with an absolute but sensible cut-off point and with new arrangements, to be identified, for facilitating access by middle-income countries to United Nations assistance. He endorsed the ideas put forward by the representative of Switzerland regarding seed money for middle-income countries and the retention of a field office for the United Nations system, the expense of which would be borne by the international community.

(Mr. Pettitt, United Kingdom)

60. Regional and interregional IPFs should be considered along with other programmable resources. Financing should of course go to activities with a successful track record, such as those in the Caribbean, but emphasis should also be placed on priority concerns of the international community and priority access to those resources by middle-income countries.

61. Mr. Popescu (Romania) resumed the Chair.

62. Mr. MORALES CARBALLO (Cuba) said that his delegation endorsed the statement made by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean States. Clearly, the fifth programming cycle was extremely important from both a financial and a political point of view for donor and beneficiary countries alike. Beneficiary countries hoped, with justification, that resources would increase, particularly as the current world economic situation was more serious than ever.

63. The work of UNDP had been very successful largely because it was based on the principle of the 1970 consensus and the Programme's respect for the sovereignty of recipient Governments. In view of that success, his delegation saw no need to effect changes in a programme that received universal support.

64. It was obvious from the documents before the Council that an increase in UNDP resources was favoured. In view of the developing countries' needs, his delegation believed that projections for such an increase should be based on an annual growth figure of 8 per cent in real terms, a figure supported by other delegations. His delegation also favoured allocating 81 per cent of resources for country IPFs and 19 per cent for regional and interregional IPFs. Other basic assumptions were that the fifth cycle would have a duration of five years, the basic criteria would be population and per capita GNP, and that regional IPFs would be distributed as they had been during the fourth programming cycle. In addition, countries which did not fully utilize their IPFs from the fourth cycle would be provided with supplemental resources so that their IPF would not change in the fifth cycle, thereby maintaining a floor.

65. In the event that the resources mobilized fell short of targets, all IPFs would be reduced by a fixed percentage rather than by any other criterion. If resources were mobilized in excess of targets, IPFs would likewise be increased by a fixed percentage. No restrictions would be placed on the carry-over of resources from the fourth to the fifth cycle, and the operational reserve would be maintained at current levels. Finally, 80 per cent of country IPFs should be allocated to the poorest countries, as had been the case during the fourth cycle.

66. The Council should consider the possibility of setting additional criteria, in accordance with the needs of developing countries. With regard to Special Programme Resources (SPR), his delegation believed they should be maintained at current levels.

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67. Mr. SAHLMANN (Federal Republic of Germany) said that the proposals by the representative of Switzerland presented novel ways of strengthening UNDP, and he asked the UNDP secretariat to draw up scenarios based on those proposals. He also endorsed the principles enunciated by the representatives of the Netherlands and Sweden with regard to the fifth programming cycle.

68. Optimum use of available multilateral technical assistance resources dictated that limitations should be set on the carry-over of IPF entitlements from the third to the fifth programming cycle. Resource scenarios for the fifth cycle should be approached realistically. His delegation could not accept a projected inflation rate of 6 per cent, finding 4 per cent adequate. Thus, to achieve a real annual zero-growth scenario, a 4-per-cent annual increase in resources would be required. However, determining a realistic scenario was dependent on the way resources were used. To attract significantly greater resources, a framework for resource use must be identified. Accordingly, resource scenarios should be based on the structure of the fifth cycle, and not the reverse, as implied in document DP/1990/8.

69. An increase in well-focused SPR would attract more core resources for UNDP as a whole. His delegation therefore believed a substantial increase should be made in the share of resources allocated for SPR during the fifth cycle. In addition, country IPFs should be concentrated to a greater extent on the neediest countries.

70. He had several questions about the Administrator's proposals concerning the various categories of SPR programmes as set out in document DP/1990/8. First, additional information was sought on the new field co-ordination activities (para. 15). He also wished to know how the structure of the fifth cycle would improve programming. He wondered why the Management Development Programme (para. 23) was to be cut by 50 per cent during the next cycle, and asked how the domestic development programme of the United Nations Volunteers programme was to be financed during that cycle, suggesting that it might be included among the thematic SPR. Finally, he wished to know how UNDP intended to finance external independent evaluations of its programmes during the forthcoming cycle.

71. Mr. KRSTAJIC (Yugoslavia) said that the basis for the Governing Council's consideration of the fifth cycle was to be found in its decision 89/20 and in General Assembly resolution 44/211. Particularly important was the emphasis placed in the aforementioned decision on the priority allocation of resources to low-income and - especially - least developed countries.

72. His delegation agreed that there should be a greater increase in resources during the fifth cycle and thus believed that the growth rate assumed in resource scenarios should be equivalent to the real growth rate if programme-delivery levels were to be maintained. Any option based on an inadequate annual growth rate might jeopardize the role of UNDP. That role had decreased in importance during the 1980s when compared with the performance of other agencies such as the World Bank.

(Mr. Krstajic, Yugoslavia)

73. With regard to the share of total resources to be allocated for SPR during the fifth cycle, his delegation agreed with the new multi-purpose concept set out in chapter II of the report. His delegation supported increasing SPR within fifth-cycle allocations, especially for such areas as disaster relief, technical co-operation among developing countries, and new areas such as the environment and poverty alleviation. However, he wondered how the considerable reduction in management development allocations and the sizeable increase in allocations for human resource development and the Project Development Facility could be justified. With regard to the Management Development Programme, it would be difficult to integrate it into IPF allocations, as the Administrator had suggested, given its special character.

74. His delegation also opposed increasing intercountry IPFs, since such an increase would erode the value of country IPFs. The Administrator should prepare a comparative study of the ways country and intercountry IPFs had been used during the past few cycles. He specifically wished to know whether the increase in the level of intercountry IPFs from 15 per cent to 19 per cent was fully justified.

75. Regarding criteria for the allocation of resources to country IPFs, his delegation believed that resource growth should be envisioned in real terms, particularly in so far as allocations to low-income and least developed countries were concerned. It would also be appropriate to increase the share of resources available to other groups of countries, particularly where new development needs justified such an approach. His delegation favoured retention of the floor principle to ensure continuity, flexibility and universality.

76. With regard to supplementary criteria, the proposals set out in document DP/1990/8 were reasonable and justified and more responsive to current trends and needs. His delegation would consider any other relevant proposals which were consistent with the spirit of those options.

77. Mr. KABIR (Observer for Bangladesh) said his delegation appreciated the need to adopt a realistic resource level in programming for the fifth cycle, but also recognized the critical need for a significant increase in contributions to ensure that UNDP responded more adequately to the needs of developing countries. He therefore believed that an increase of 8 per cent to 10 per cent in voluntary contributions would be appropriate.

78. The 1990s were beginning in a period of unprecedented change, and the international community should seek to capitalize on the new opportunities opening up. The ongoing process of development must be further strengthened, for even if the world had become a safer place, it must also be a better place to live in. A substantial increase in the resources available to developing countries was a prerequisite for that.

79. While he acknowledged the importance of the traditional SPR, particularly in the area of disaster relief, he felt that any increase in SPR must be viewed in the context of overall resource growth: in other words, any increase in SPR should not

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(Mr. Kabir, Observer, Bangladesh)

be disproportionate. Moreover, the proposed increase in SPR should not reduce country IPFs. However, his delegation was open to further discussion on that subject.

80. In view of the increasing demand placed on country IPFs, they should be given priority. The breakdown by percentage of SPR and intercountry programmes should remain unchanged. He noted further that the effect of regional and global intercountry programmes, particularly on smaller countries, had been relatively limited.

81. Chapter IV of document DP/1990/8 provided various scenarios for the calculation of fifth-cycle country IPFs. His delegation was pleased to note that the B scenarios were in keeping with the views reflected in various consultations, for they would ensure the poverty orientation of UNDP programmes and further increases in the share of UNDP resources going to least developed countries. The need for a greater flow of resources to those countries could not be overemphasized, and his delegation hoped that the final allocation of resources to them would reflect that thinking. He drew attention in that connection to the Declaration issued by the ministers of least developed countries at their recent meeting at Dhaka in which they had reaffirmed the need for priority allocation of scarce grant resources to least developed countries and had called for a substantial increase in the share of resources allocated to them during the fifth cycle.

82. His delegation sought further clarification of the new supplementary criteria that had been proposed, including the human development indicator. He also urged that a balance should continue to be maintained between basic and supplementary criteria.

The meeting rose at 6.15 p.m.



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SUMMARY RECORD OF THE 7th MEETING

Held at Headquarters, New York,
on Thursday, 22 February 1990, at 10 a.m.

President:	Mr. POPESCU	(Romania)
later:	Mr. HAMADZIRIPI	(Zimbabwe)

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The meeting was called to order at 10.05 a.m.

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE (continued) (DP/1990/8)

1. Mr. HAMADZIRIPI (Zimbabwe) said that, given the magnitude of the needs of developing countries, the various scenarios presented in DP/1990/8 for resources during the fifth programming cycle should not be viewed merely in terms of percentages. Simple prudence dictated a substantial real increase in resources. Increasing resources available for African development was a priority for the United Nations and the international community generally. The principle of universality in UNDP did not preclude special assistance for countries most in need of it, and Africa clearly needed some special attention.
2. His delegation welcomed the idea of increasing the share of IPF resources made available to least developed countries by applying revised supplementary criteria. He favoured the retention of a five-year base for the programming cycle, and the allocation of more resources to country IPFs. The proposed increase in special programme resources (SPRs) required further elaboration. For example, the Administrator was proposing an SPR allocation of \$55 million for programmes addressing environmental and poverty issues, although the environmental programmes had not yet been worked out. That being so, it must be wondered how the figure of \$55 million had been arrived at.
3. Mrs. SERES de STEIN (Venezuela) expressed wholehearted support for the position of the Latin American and Caribbean group of countries as voiced by the observer for Trinidad and Tobago. She emphasized the need to increase support for the Latin American and Caribbean region. Chronic debt and an increasing technological lag behind other countries were having a marked adverse effect on social and economic conditions. The countries of the region needed adequate resources for development. She affirmed her delegation's support for the 1970 consensus contained in General Assembly resolution 2688 (XXV), and was of the view that for the fifth cycle a minimum real annual increase in resources of 8 per cent was needed. The share of resources allocated to least developed countries and countries with low per capita income should be maintained at the fourth cycle level, and the Administration should make every effort to secure external sources of funding for projects in the region which had been identified as deserving priority.
4. Mr. CABACTULAN (Philippines) said he hoped that negotiations on the subject would continue in the period leading up to the Council's thirty-seventh session so that a course of action of benefit to all could be adopted swiftly when the session began. Among the resource scenario options for the fifth cycle presented in document DP/1990/8, his delegation found alternative 2 more realistic than alternatives 3 and 4. Assumed annual growth of 6 per cent was on the conservative side, since growth in voluntary contributions during the first three years of the fourth cycle had been roughly 8 per cent.
5. Any shift of resources towards SPR programmes should be based on the impact that such programmes could be expected to produce. Otherwise, the activities

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(Mr. Cabactulan, Philippines)

concerned should fall under country or inter-country IPF programmes. Within the SPR allocation for disaster relief, his country believed that the emphasis should be placed on rehabilitation and disaster management. The idea of an environmental SPR programme needed to be studied more carefully. Environmental protection and poverty alleviation were among the policy concerns of his Government, but such activities should, he felt, be undertaken in the context of country IPF programmes. It might be useful to determine what might be classified as unforeseen needs, in order to determine what resources should be allocated to the contingency SPR; resources available under "umbrella" country projects could also be tapped for specific contingency needs. More generally, support should be given to the areas of project training, local-level implementation and evaluation in order to improve future project performance.

6. Any change in the portion of resources allocated to country IPFs should depend on whether country programmes had had a significant impact on national circumstances. UNDP should determine what mode of funding was most effective.

7. The question of supplementary criteria for IPF allocations would need to be studied more carefully before the thirty-seventh session. The criteria listed in document DP/1990/8 seemed to have been selected largely for ease of application, and he wondered how far they actually reflected countries' needs for assistance. The current basic criteria should form the corner-stone for operations during the fifth cycle, although some of the supplementary criteria were of evident intrinsic interest. The human development indicator, in particular, would have to be looked at very carefully in so far as it related to the need for assistance in training and institution-building. Scenarios B and C might be taken as the basis for consultations before the start of the thirty-seventh session; however, the result should not be to overturn the 1970 consensus. Further negotiations on the subject should be based on the 1970 consensus and more recent General Assembly decisions on operational activities for development, notably resolution 44/211.

8. Mr. AL-FATHANI (Observer for Bahrain) commented that the proposed new supplementary criterion of more than 40 per cent decline in per capita GNP between cycles (1983-1989) would be likely to exclude most developing countries, where the decline had averaged between 30 and 35 per cent. The supplementary criteria made no mention of industrialization and technology levels in recipient countries, nor of their reliance on depletable resources. Nor was there any reference to countries put at a disadvantage by their geographical situation. The proposed criteria for determining net contributor status were unjust to some countries, and appeared to have been put forward without taking account of their objections. The net contributor status requirement should not be used as a punishment against countries whose per capita income had reached specified limits: they were still developing countries, after all, and needed UNDP assistance to increase their income. It was to be hoped that the fifth cycle would not bring additional difficulties over net contributor status, especially for island developing countries which had seen little increase in the assistance afforded them despite severe economic decline. In particular, his delegation would like decisions on the assignment of net contributor status to be taken in conjunction with field offices,

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(Mr. Al-Fathani, Observer, Bahrain)

not by headquarters alone. The suggestion made by the Swiss representative in that regard merited careful study.

9. Mr. AL-SAMEEN (Observer for Oman) referred the Council to the statement made by his delegation during the February 1989 session. He reaffirmed his Government's commitment to Council resolution 89/5, and applauded the decision to send a group of experts to his country to investigate the true economic and social situation there.

10. Mr. DUHALT (Observer for Mexico) endorsed the statement made by the Observer for Trinidad and Tobago on behalf of the Latin American and Caribbean Group. His delegation was concerned that the various scenarios for allocation of resources to country IPFs outlined in document DP/1990/8 all implied a significant real decline in resources for the Latin American and Caribbean region. That was the discouraging outcome of a decline in voluntary contributions and of efforts in some quarters to restrict access to the benefits of UNDP programmes, a move that ran counter to the principle of universality which was central to UNDP and indeed the entire United Nations. The costs of development in the worst-off developing countries should not have to be borne by other developing countries while more affluent countries stood aside.

11. His delegation attached importance to a significant real increase in resources for the fifth cycle, and called for the retention of the "floor" principle. It entertained serious doubts about the amounts proposed for allocation to SPR programmes and their distribution, but would reserve detailed comments for a later stage.

12. Mr. BORG OLIVIER (Observer for Malta) agreed that a relatively bigger share of the resources available ought to be devoted to those in most need, particularly the least developed countries and countries with populations living in absolute poverty. Nevertheless, the needs of countries stricken by natural disasters or severe external debt problems and those which had decided to move from centrally planned to market-oriented economies must also be considered, and in conformity with the principle of universality, UNDP should also continue to cater for other groups, including the island developing countries.

13. His delegation had repeatedly argued that per capita GNP was not a very realistic measure of levels of development in island developing countries. Ostensibly high per capita GNP figures were sometimes misleading, and anyway capable of declining radically in a brief period. It would be ironic if UNDP were to stop providing assistance to island developing countries which appeared to be making efficient use of the resources allocated to them. UNDP must take into account the multiplier effect of its contribution, and give due consideration to the disproportionate effects which withdrawing its assistance could have.

14. More flexibility was needed in the application of supplementary criteria. His country had a mixed economy, but had embarked on a programme of structural and institutional adjustment to make it more market-oriented. It was thus an "economy

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(Mr. Borg Olivier, Observer, Malta)

in transition" as mentioned in paragraph 36 of document DP/1990/8. UNDP would do well to give due consideration to that and similar cases.

15. His delegation had noted with interest the publication UNDP: A bridge across the Mediterranean. His Government was eager to continue to be a component of that bridge, and counted on receiving a fair share of UNDP assistance in order to achieve its national goals and make a positive contribution at the international level.

16. Mr. ZHANG Guanghui (China) said that UNDP, as the largest United Nations funding agency for technical assistance, should find ways to provide more efficient technical assistance for developing countries in the 1990s, and seek to develop multiple financing channels in order to ensure that resources were available for development assistance.

17. To arrive at the proper rate of resource increase for the fifth cycle, UNDP should take the fourth cycle as its starting point, evaluate countries' actual needs and then set its targets, making due allowance for inflation. In any event, there should be a substantial and progressive increase in resources in order to help developing countries increase their self-reliance. Assistance during the fifth cycle should concentrate on country programmes, and the basic criterion for allocating resources to IPFs should be per capita GNP, the emphasis being put on assistance to countries with per capita GNP of under \$750.

18. It would not be proper to deny extra weighting to countries with populations of over 100 million: to do so would be to ignore the development needs of large parts of their population. Special consideration should be given to least developed countries. As for the division of resources among country programmes, inter-country programmes, global programmes and SPR activities, he hoped it would be possible to follow the pattern established in the fourth cycle.

19. Mr. WARD (Canada) said that the first of the three principles which shaped his delegation's approach to the fifth cycle discussion was that the universality of participation in the programme should be preserved. That principle did not preclude differential forms of participation for countries at different stages of development, and in that regard the Swiss representative's proposals deserved careful consideration. Secondly, his delegation believed in the principle of graduation; the concept of net contributor status represented a significant effort to reconcile that principle with the principle of universality. Lastly, his delegation believed that greater emphasis should be placed on the poorest countries, especially the least developed, in country allocation.

20. Those principles implied that his delegation would welcome some fundamental changes in fifth-cycle planning. It favoured the removal of the floor principle because it believed that allocations should be based on the application of agreed criteria to current realities rather than on historical entitlements. It agreed that a larger share of resources should be allocated to centrally managed programmes, including interregional and global programmes, as well as the Special Programme Resources.

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(Mr. Ward, Canada)

21. With regard to the SPRs, it should be borne in mind that the overall level could not be established in a vacuum; it was closely related to other elements of the cycle negotiation and could, for example, be an instrument for maintaining the universality of the programme. Further, the criteria for allocating centrally managed resources among alternative categories of use should be more fully developed. His delegation was deeply interested in the proposals relating to sustainable development and poverty alleviation, and hoped that the Administration would further develop its thinking on those subjects.

22. His delegation had been surprised to find the profile of the Management Development Programme so sharply reduced so early in its life and hoped that, with a view to the June discussion, the Administration would set out the reasoning underlying the overall pattern of allocations as well as that for specific items.

23. On the question of total resource scenarios, his delegation would find it difficult to envisage overall contribution growth above 6 per cent annually.

24. The Administrator had made proposals concerning the application of net contribution status obligations. Regardless of the precise mechanism used, however, his delegation favoured a more rather than less restrictive policy. It agreed, however, that Government local office cost obligations could be separated from the net contributor obligations.

25. Mr. KHAN (Pakistan) emphasized the importance his delegation attached to the thirty-seventh session of the Council, which would decide on the shape of the fifth programming cycle. It was in that light that he wished to comment on some of the points raised in the Administrator's note (DP/1990/8). Of the scenario options presented in the note, his delegation would prefer alternative 3, which seemed the most realistic. With respect to the percentage share of total fifth cycle resources to be allocated to the SPR-financed programmes, his delegation would not support an increase beyond the present level, and in fact would suggest that the level be reduced to 3 per cent in the fifth cycle. He also welcomed the proposed increase in the level of support for SPR-financed programmes of technical co-operation among developing countries.

26. Mr. BABINGTON (Australia) agreed that it was important for the Council to reach a decision on the fifth cycle at its June meeting. In view of the development challenges that would face the world in the 1990s, it was also important that UNDP should have a clearer picture of its goals when that decision was taken. From that point of view, his delegation considered that UNDP should concentrate its efforts on those areas of expertise where it had a comparative advantage over other international organizations and agencies. It also felt that UNDP should direct more of its attention in the fifth cycle to the problems of the poorest countries, including the poorest among non-LDCs, and therefore to poverty alleviation, and to the role of women in development. The proposal made by the Swiss representative in connection with poverty alleviation deserved very careful attention.

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(Mr. Babington, Australia)

27. Turning to more specific questions, he said his delegation agreed with Japan that it would be over-optimistic to anticipate an increase of much more than 6 per cent in the level of resources during the fifth cycle. He supported the Administrator's proposal for a substantial increase in the percentage share of the SPR-financed programmes, and expressed the hope that more of those funds would be used for successful aid co-ordination activities such as the round-table meetings held in the South Pacific region. His delegation also supported an increase in funding for disaster management activities, and wished to express its concern at the prospect of a reduction in the funds allocated to management programmes.

28. Mr. SALAZAR SANCISI (Observer for Ecuador) said his delegation supported all the concepts put forward by the observer for Trinidad and Tobago on behalf of the Latin American and Caribbean group of countries, and also endorsed the statements made by other representatives of Latin American countries. If present development trends continued over half the population of the world would be living in extreme poverty by the beginning of the twenty-first century. Co-ordinated action by the world community was needed to avoid the chaos such a situation would lead to.

29. In approaching the question of fifth cycle programming, his delegation attached special importance to four considerations. Special attention should be given to technical co-operation. The floor principle was also particularly important and should be maintained. It was essential to include in the supplementary criteria the proportion of foreign debt to GNP, and the ratio of debt service payments to the debt, exports and net capital transfer. Lastly, his delegation felt that the scenarios presented in the Administrator's note (DP/1990/8) did not correspond to the needs of the Latin American and Caribbean region, which needed broader access to international resources because the well-being of hundreds of millions of people was at stake.

30. Mr. Hamadziripi (Zimbabwe) took the Chair.

31. Mr. HUSSEIN (Malaysia) said his delegation felt that the projection of anything less than an annual growth rate of 8 per cent in fifth cycle resource levels might not be realistic. It also considered that the allocation for SPRs should be maintained at fourth cycle levels, that the share of fifth cycle IPF resources to be allocated to intercountry IPF programmes should be maintained at 19 per cent, and that the floor principle should be retained.

32. Mr. PAULINICH (Peru) emphasized that the principles of flexibility, universality and neutrality must be retained in the allocation of resources to recipient countries and that the needs of some groups of countries should not be allowed to prejudice the aid extended to others. The focus of the fifth cycle should be on aid for that part of the world's population which most urgently needed help in meeting their basic needs. Other principles guiding his delegation's approach to the question of fifth cycle programming were that available resources in real terms should be increased, that the floor principle should be retained, that the supplementary criteria, including those relating to foreign debt and social indicators, must be maintained, and that the present ratio between global,

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(Mr. Paulinich, Peru)

interregional and country IPF allocations should be kept. On the subject of the thematic SPRs, he thought that the theme of narcotic drugs, and in particular of projects directed towards the substitution of other crops for illicit coca crops, should be added to the UNDP agenda for the 1990s.

33. Mr. EL GHAOUTH (Mauritania) expressed support of the statement made by the representative of Zimbabwe on behalf of the African Group. In approaching the question of fifth cycle programming, his delegation was guided by the following principles. The present funding ratio between IPFs and SPRs must be maintained, and the percentage allocated to the latter should be kept at 3.6. Room should be found for increased aid on the basis of criteria which did not lend themselves to rigid classification, such as aid for Palestinian refugees. His delegation was open to the retention of the current balance between country and multilateral IPF projects, and in that connection favoured the scenario B presented in paragraph 28 of the Administrator's note (DP/1990/8). It was to be hoped that greater attention would be paid to the least developed countries; in that connection, the proposals made by the Swiss representative contained a number of useful elements. It would be helpful if the Administration could provide the Council with the latest figures on per capita gross national product, population and adult literacy rates, the size of the manufacturing sector and life expectancy in the least developed countries. The supplementary criteria should be retained, especially as they made it possible to aid countries with small populations. Attention should be given also to two additional supplementary criteria, those of transitional economies and of human development indicators; the former might be broken down into the two separate criteria of transitional economies and economies undergoing structural changes.

34. Mr. PETRONE (Italy) advocated the utmost caution in projecting fifth cycle resource increases, as development budgets were subject to competing demands, and Governments provided technical co-operation through many agencies other than UNDP. That was another reason to link any decision on the fifth cycle to those to be reached on successor arrangements to agency support costs. His delegation recommended adoption of Alternative 1 (para. 6, DP/1990/8). It also believed that UNDP must adopt a more stable unit of account, such as Special Drawing Rights, because of dollar fluctuation. It agreed with the proposal to raise the share of Special Programme Resources (SPRs) to 5 per cent during the fifth cycle. Specially designated SPRs should be sufficient to enable UNDP to respond with flexibility to needs for special emergency assistance programmes not financed through IPFs. However, the SPR breakdown provided in table 2 of DP/1990/2 was not sufficiently detailed to provide a basis for a decision. Moreover, his delegation could not agree to the doubling or tripling of some SPR budget lines without a thorough review and streamlining within UNDP. Separate consideration of NatCAPs, round-tables and country programmes caused duplication of effort and cost. Rational allocation of SPRs for disaster relief assistance could be undertaken only after the UNDP role in that area had been re-examined.

35. Regarding the Management Development Programme, his delegation was not convinced that table 2 of document DP/1990/8 was consistent with the requests made at the 1988 Governing Council. The justification given for reducing the MDP budget

(Mr. Petrone, Italy)

was its status as a mature programme that could be IPF-financed. However, his delegation would like a detailed examination of MDP performance thus far before accepting a reduction of MDP budget requirements for the fifth cycle.

36. In distributing fifth cycle country IPFs, weight should be given to an external debt indicator for low- and middle-income countries. Increased poverty orientation could perhaps be achieved by strengthening the supplementary criteria based on LDC status. He was concerned that the many options at the Council's disposal for a decision on IPF resource distribution might further complicate negotiations. The goal might be more easily achieved by giving poverty orientation heavier weight in the context of decision 85/16.

37. The Council should be careful to preserve the universality of UNDP, which should have a significant IPF programme in middle-income developing countries as well as least developed countries. There was a functional limit to how small an IPF could be to justify a UNDP field office and headquarters unit. However, some small IPFs had great importance for the developing country concerned since they provided "venture capital" that attracted much larger resources from governments and other donors.

38. In conclusion, his delegation felt that further informal consultations should take place before the June session, and recommended concentration on refining and updating decision Governing Council 85/16.

39. Mr. Popescu, Romania, resumed the Chair.

40. Mr. AMAZIANE (Observer for Morocco) reaffirmed his delegation's attachment to the principles of universality and neutrality of UNDP. Projections of growth rates for resources in the fifth cycle should be realistic, so as to avoid problems such as those encountered during the third cycle, when IPFs had been lowered. An 8 per cent growth rate appeared realistic, and he called on donor countries to increase their level of contribution in order to ensure resource flows to developing countries and avoid the negative flows which persisted because of external debt and falling exchange rates.

41. His delegation preferred scenario E for calculation of fifth-cycle country IPFs. IPF floors should be maintained in order to provide the resources needed by the least developed countries. He supported supplementary criteria for transitional economies such as those of Eastern Europe, and for countries undergoing structural adjustment.

42. Turning to table 2, his delegation supported the proposed increase of 3.5 to 5 per cent in SPR-financed programmes, and noted that no budgetary provision had been made for natural disaster prevention, although the General Assembly had just adopted the International Decade for Natural Disaster Reduction. The Decade was designed to fight fatalism in the face of natural disasters and to facilitate the distribution of information and modern technology for their prevention. Further discussion of that matter should take place at the June session.

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43. Mr. TAL (Director, Planning and Co-ordination Office) said that the most important aspects of the debate had been the discussion of resource levels and the scenarios, whose purpose was to show the outcomes of decisions to be taken. The debate on resource levels reflected the expectations of countries and the tradeoffs that were necessary regarding conceptual issues. The more resources were available, the easier the decisions regarding such tradeoffs would be. Some delegations had called for 8 per cent growth, but 8 per cent was a minimum needed to allow real growth. Documentation on SPRs would be provided in much greater detail before the June session.

44. The Management Development Programme was an area of SPRs which had provoked much comment. When the Administrator had proposed that Programme in 1988, it was expected that IPF resources and commitments from Governments would help to raise its activity level. MDP had not been entirely successful in gaining new commitments from Governments as of yet, but reactions were most encouraging. Project funding approved to date amounted to \$17 million. Twelve million dollars in programme funding was awaiting final approval, for a total of \$29 million out of the \$45 million released. An additional \$15 million would be available upon release of the remaining 25 per cent under decision 88/31.

45. In reply to the representative of Egypt, the proposed human development indicator was mentioned in the report with the intention of fostering preliminary debate. The human development report would be issued in May, in time to assist the Council in determining at the June session whether the human development indicator was a valid measure for IPF calculation or as a supplementary criterion.

46. The representative of Austria had suggested that successor arrangements to agency support costs be decided along with fifth cycle arrangements, but the Administration had addressed those issues separately. The fifth cycle was of major importance and should not be made conditional on the decision on successor arrangements.

47. Many delegations had supported supplementary criteria for economies in transition, while others felt those criteria were subjective. The Administration did not use supplementary criteria unless data were readily available and objective. In the case of transitional economies, World Bank data were available. Thirty-two countries could qualify for a supplementary point either as undergoing structural adjustment or transition.

48. Concern had been expressed about an apparent reduction of fifth cycle resources to the Latin American countries as a group, but in fact, only the resource scenario assigning a greater portion to the LDCs (Scenario B) would result in a nominal reduction. The other scenarios would show nominal and real increases in resources for Latin America. It appeared that consensus had not yet been achieved regarding the 75 per cent ceiling on resource carryover to the next programming cycle; thus, the item had not been included in the report.

49. The Governing Council must decide whether to use World Bank or Department of International Economic and Social Affairs figures as its sources for data for basic

(Mr. Tal)

criteria. UNDP could not dispute that matter, though Governments could. World Bank data had been used rather than national data to eliminate the possibility of a certain margin of error resulting from subjective data issued by individual Governments.

50. The representative of Algeria had expressed concern that the human development index would penalize countries with longstanding progressive social policies and resulting low mortality and high literacy rates. The whole programme of technical co-operation gave recognition to existing economic or social deficiencies and the human development index would simply reflect conditions in that area. The 1989 data would be used for final IPF calculations when they became available, but 1988 data must be used until that time. The representative of Bulgaria had raised the point that by the middle of the programming cycle, the data on which it had been based were no longer current. A possible solution would be to retain 10 per cent of the funds for distribution later in the cycle after correction for new data. That was a matter for the Governing Council to decide.

51. The UNDP role in disaster assistance had three main elements. First was immediate financial relief after a natural disaster. Next, UNDP resident representatives provided leadership and co-ordination in relief efforts, and thus needed funds available. Finally, UNDP assisted in long-term reconstruction and rehabilitation. The issue would be discussed further at the June session. A disaster management training programme had been instituted with two consultants, who were formulating a master plan for disaster management training of national staff.

52. Regarding the question of the United States representative on partial funding arrangements, resources in the past few years had been adequate for future commitments, but those conditions would not continue.

53. The discussion of field co-ordination activities would be expanded at the June session. General Assembly resolution 44/211 had been central to increased support for resident representatives, and some funds would be reserved for that purpose.

54. Mr. DRAPER (Administrator), in clarification of the remarks on the proposed growth rate of contributions, said that, in the light of the importance of the programme and the high demand for its services, he firmly supported a 16 per cent increase. With a projected 6 per cent inflation rate, such an increase would result in 10 per cent net growth over the next five years. There had been clear growth in delivery rates, but the programme was not able to do all that was demanded of it because it was not properly funded. Even a 16 per cent increase would slow the pace of growth. An 8 per cent increase would translate into flat growth in nominal terms and, in real terms, into a 6 per cent cut each year due to inflation. Thus, UNDP would become a declining organization. He urged recipient Governments to convey more forcefully the message of the value of UNDP programmes.

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55. The PRESIDENT said it was clear that a draft decision on the preparations for the fifth programming cycle issue would have to be elaborated in informal consultations. He suggested that such consultations should begin on 22 February 1990, under the chairmanship of the first Vice-President.

56. Mr. EL GAOUTHE (Mauritania) said that the Director of the Planning and Co-ordination Office had agreed to provide information on all assistance to least developed countries from all UNDP sources. As yet, that information had not been supplied in full.

57. Mr. TAL (Director, Planning and Co-ordination Office) said that a brief table of all such assistance would be included in the documentation for the June session of the Governing Council.

58. Mr. AL-FAIHANI (Observer for Bahrain) said that informal consultations on the subject of the fifth programming cycle should be restricted to procedural matters, thus leaving matters of substance to be decided on at the June session, as indicated in Governing Council decision 89/45. He hoped that costs could be contained by keeping the consultations brief and by holding them at the regional offices rather than at Headquarters.

59. The PRESIDENT confirmed that the informal consultations which he had suggested were for discussion of procedural matters only.

60. Mr. EL GAOUTHE (Mauritania) said that the table he had requested must be comprehensive, covering the overall distribution of resources, while highlighting the information requested by member States with regard to the least developed countries.

61. Mr. OSELLA (Observer for Argentina) said that the scenarios whereby the allocation of resources to the Latin American region would be reduced from the level of the fourth programming cycle ran counter to paragraph 20 of document DP/1990/7, which requested that the level of resources in the fifth cycle should be the same as in the fourth cycle.

THE ROLE OF UNDP IN COMBATING THE HUMAN IMMUNE DEFICIENCY VIRUS INFECTION AND AIDS (DP/1990/31)

62. Mr. DRAPER (Administrator) said that document DP/1990/31 described the steady progression of the HIV/AIDS epidemic. No region or social class had been spared. The epidemic particularly affected developing countries, adding to the burdens created by other diseases, debt, poverty, and illiteracy. AIDS was also on the rise among women and children. The spread of the epidemic throughout the world was raising economic, social, humanitarian, political and cultural issues which had to be addressed as soon as possible.

63. In response to that serious situation, the Governing Council had noted with approval in February 1988 the plans to create the WHO/UNDP Alliance to Combat AIDS. That Alliance sought to combine the strengths of WHO in health policy with

(Mr. Draper)

those of UNDP in economic and social development, especially at the country level. At the same time, the Governing Council had also approved a financing facility to assist in speeding the flow of resources to support national AIDS strategies in developing countries, as well as the Global Blood Safety Initiative.

64. An analysis conducted by UNDP during the last quarter of 1989 had indicated that the Alliance had been generally effective in integrating national AIDS plans into overall development priorities; in resource mobilization and co-ordination activities; in programme monitoring and evaluation; and in providing support to Governments for their AIDS control efforts. A steadily increasing amount of IPF funding had been devoted to supporting HIV efforts at the national and intercountry levels. Both the financing facility and the Global Blood Safety Initiative had proved to be effective, although the latter needed further development. UNDP also played an active role in intergovernmental, governmental and non-governmental activities associated with HIV and AIDS.

65. Despite its active role, UNDP needed to contribute even more to the struggle against the global epidemic. He was therefore implementing new initiatives, including training and sensitization of UNDP staff, increased utilization of the United Nations Volunteers and the United Nations Capital Development Fund in HIV/AIDS-related activities and the provision of better information to UNDP staff about the development implications of the epidemic. In addition, UNDP had commissioned a publication which would contain reflections on the consequences of the epidemic for various societies and the implications of those consequences for development.

66. Mr. MANN (World Health Organization) said that UNDP had been providing assistance to global AIDS prevention and control activities for a number of years. The establishment of the WHO/UNDP Alliance to combat AIDS in March 1988 represented a fundamental advance in that endeavour. In addition to its responsibilities under the Alliance, UNDP actively participated in other United Nations system efforts to combat AIDS.

67. One of the most positive aspects of those efforts was the development and implementation of a global strategy. In every country in the world, without exception, there were activities against AIDS. The WHO Global Programme on AIDS was collaborating with more than 160 countries in providing technical and financial support for the development of comprehensive national AIDS programmes. There was unmistakable evidence of the slowing of the pace of the epidemic in areas where the strategy had been thoroughly applied.

68. Several key elements in the application of the global strategy were important for the future. The first element was the inter-sectoral nature of the fight against AIDS, which involved the educational, health, judicial and information sectors in a common effort. The second element was the critical importance of non-governmental organizations (NGOs) at the national level. Without strong and community-based NGOs, the struggle against AIDS at the national level tended to be weak. The third element was the discovery in the 1980s that the fight against AIDS

(Mr. Mann, WHO)

implied a fight for human rights. Only those strategies which incorporated elements of protection for the rights and dignity of infected people had shown evidence of effectiveness. Strategies based on coercion or punishment did not work. The very existence of discrimination created an increased vulnerability to HIV infection. Thus, the link between the fight for human rights and the fight against a global disease had become firmly established.

69. Solidarity was another positive development in the effort to combat AIDS. Solidarity was manifested in the sharing of technical and financial resources and in the unparalleled international scientific co-operation, resulting in the rapid development of effective drugs and increased possibilities for a vaccine against AIDS. Those shows of solidarity reflected the fact that AIDS was a global issue, which had taken its place beside other global issues such as degradation of the environment.

70. On the negative side, the epidemic was continuing to gain momentum. In 1980, it was estimated that 100,000 people in the world had been infected with the HIV virus; at present, at least six million people were infected, of whom two million were women. The virus was not only increasing in already affected areas but was also moving into new regions of the world where until recently there had been little evidence of infection. The spread of the epidemic into South-East Asia, West Africa, the eastern Mediterranean region and Eastern Europe proved that no part of the world could consider itself immune to AIDS. It was clear that rapid social, political and economic changes were creating increased vulnerability.

71. The barriers to more effective action at the national and international levels had not yet been overcome. There was still a large gap between social myth and social reality. Societies still seemed reluctant to learn the facts about sexual and drug-injecting behaviour, facts which were essential to targeting AIDS intervention and prevention programmes.

72. Although effective drugs had been developed, they were expensive and not widely available. Developing a vaccine was only part of the challenge - the question was whether that vaccine could be provided to all those in need or whether it would be restricted to the wealthy.

73. There was in many societies a reluctance to face the underlying problems that created and sustained a vulnerability to AIDS, including intravenous drug use, prostitution, lack of sexual education, lack of access to health and social services and problems of discrimination. Complacency and denial had been part of the epidemic from the beginning. Such attitudes threatened the ability to continue existing efforts and to develop more activities in the 1990s. Yet, during the coming decade, the challenge of AIDS would overshadow what had been faced so far. By a conservative estimate, the number of cases of AIDS would increase tenfold during the 1990s.

(Mr. Mann, WHO)

74. The global epidemic called for a strong UNDP commitment at the country, regional and global level. It was encouraging that Governments were increasingly using their national IPFs, an indication that, in a growing number of countries, AIDS was seen as a development issue. It was also gratifying to note the increasing awareness of the social and economic dimensions of the epidemic.

75. He wished to thank the Administrator for his personal commitment to the fight against AIDS, for the efforts to sensitize Governments, to train UNDP staff and to encourage the increasing use of funds for AIDS at the national and inter-country level.

76. Ms. ANSTEE (Director-General, United Nations Office at Vienna) said that she wished to bring to the attention of the Governing Council some of the work the United Nations Office at Vienna had been doing in close collaboration with WHO. A number of the Office's programmes including its activities related to drug-abuse control, were directly related to the problem of AIDS. It was also dealing with broad social programmes and with specific programmes concerning the problems of women, youth, crime and crime prevention. Its co-operation with WHO, which had initially begun in the area of drugs, had now expanded to other areas as well because AIDS was having a devastating economic and social impact, particularly in the developing countries. The Vienna Office had set up a multi-disciplinary task-force to examine all the aspects of the problem falling within the Office's competence and to propose impact assessment schemes, programmes and community education and prevention and social welfare plans.

77. Women and children were often the most severely affected by AIDS. In 1989, in close co-operation with WHO, her Office had presented a paper to the Commission on the Status of Women on the economic and social impact of AIDS on women. That was an area to which increasing attention was being given. It was noteworthy that at the recent session of the Committee on the Elimination of Discrimination against Women, strong recommendations had been made for steps to prevent the spread of AIDS to women and children.

78. The Vienna Office was using its network of women's and youth organizations to disseminate information on high-risk sexual practices and to provide care, support and treatment for affected individuals. It had been demonstrated that the spread of the epidemic could be slowed down by preventive education programmes. The challenge was to make such programmes available to all of those in need.

79. The Office was co-operating with WHO and UNDP in developing pilot schemes in a number of key countries, including the organization of a workshop for women's organizations in West Africa, and was also working with WHO on the difficult problem of AIDS in prisons. A manual on how to deal with the problem of AIDS in prisons, prepared jointly by WHO and UNOV, would be presented at the Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, to be held in August and September 1990.

(Ms. Anstee)

80. She fully agreed with the Administrator that much remained to be done in the struggle against AIDS, particularly in terms of co-operating with developing countries. For that task, it was important to take advantage of all the institutions and organizations working in related fields. She strongly supported the observation by Dr. Mann that the role of NGOs, especially in community-based projects, was vital. UNDP was in a very good position at the country level to co-ordinate the enterprise of assisting developing countries in integrating community-based AIDS programmes into national development plans. The Vienna Office stood ready to co-operate in that enterprise.

The meeting rose at 12.55 p.m.



**Governing Council
of the
United Nations
Development Programme**

Distr.
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DP/1990/SR.8
26 February 1990

ORIGINAL: ENGLISH

GOVERNING COUNCIL

Organizational meeting for 1990

SUMMARY RECORD OF THE 8th MEETING

Held at Headquarters, New York,
on Thursday, 22 February 1990, at 3 p.m.

President:

Mr. POPESCU

(Romania)

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Organization of work

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Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

The meeting was called to order at 3.05 p.m.

ORGANIZATION OF WORK

1. The PRESIDENT informed the Council that it had been recommended that the following tasks should be assigned to the members of the Bureau: Mr. Babington (Australia), Vice-President, had been designated as Chairman of the Budget and Finance Committee; Mr. Hamadziripi (Zimbabwe), Vice-President, had been designated as Chairman of the Drafting Group; Mr. Morales Carballo (Cuba), Vice-President, had been designated to chair any informal consultations on the fifth programming cycle; and Mr. Reyes (Philippines), Vice-President, had been entrusted with the question of agency support costs. The Vice-Presidents would also assist the President in conducting the proceedings of the Council and the Committee of the Whole. He would take it, if he heard no objection, that the Council agreed with those recommendations.

2. It was so decided.

The meeting rose at 3.10 p.m.



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1990/SR.9
28 February 1990

ORIGINAL: ENGLISH

GOVERNING COUNCIL

Special session

SUMMARY RECORD OF THE 9th MEETING

Held at Headquarters, New York,
on Thursday, 22 February 1990, at 3 p.m.

<u>President:</u>	Mr. POPESCU	(Romania)
later:	Mr. HAMADZIRIPI (Vice-President)	(Zimbabwe)
later:	Mr. BABINGTON (Vice-President)	(Australia)
later:	Mr. POPESCU (President)	(Romania)

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OTHER MATTERS (continued)

- (a) THE ROLE OF UNDP IN COMBATING THE HUMAN IMMUNODEFICIENCY VIRUS INFECTION
(HIV) AND AIDS (continued)

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ANNEX TO GOVERNING COUNCIL DECISION 89/23 OF 30 JUNE 1989 ON THE ANNUAL REPORT OF
THE ADMINISTRATOR

AGENCY SUPPORT COSTS

- (a) REPORT OF THE EXPERT GROUP
- (b) PROPOSED ARRANGEMENTS FOR CONSULTATIONS
- (c) VIEWS OF AGENCIES

The meeting was called to order at 3.10 p.m.

OTHER MATTERS (continued)

(a) THE ROLE OF UNDP IN COMBATING THE HUMAN IMMUNODEFICIENCY VIRUS INFECTION (HIV) AND AIDS (continued) (DP/1990/31)

1. Mr. BABINGTON (Australia) said that his delegation welcomed UNDP's heightened interest in the problem of HIV/AIDS, whose effect on development, especially in the poorest countries, was tragic. The alliance comprising the World Health Organization (WHO), as the international leader in health policy, and UNDP, as the leader in socio-economic development, was a milestone. His delegation welcomed the various initiatives taken by the WHO/UNDP Alliance to Combat AIDS, including the comprehensive questionnaire sent to all UNDP field offices in 1989 in order to assess the effectiveness of the Alliance, country by country, and plan future activities accordingly.

2. In view of the nature and magnitude of the problem, UNDP must continue to expand its efforts to combat AIDS during the fifth programming cycle. His delegation fully supported the proposed training programmes to be undertaken in collaboration with the WHO Global Programme on AIDS (GPA) (DP/1990/31, para. 11) in order to ensure that UNDP staff were fully aware of the development implications of HIV/AIDS, including its economic, sociological, cultural and humanitarian aspects. The role of community-based organizations in such programmes must be highlighted. His delegation also welcomed the initiative to prepare a booklet on HIV/AIDS for distribution to all United Nations system employees and their families and hoped that further personnel policies in respect of AIDS would be developed. UNDP should elaborate guiding principles for such policies at the earliest possible date. It would also be useful if the UNDP Administrator continued to inform the Council regularly of the Programme's activities in the struggle against AIDS.

3. Mr. CHAUDOUET (France) noted that the AIDS pandemic was expected to claim three to four times as many lives in the 1990s than it had in the 1980s, and that an international consensus must be reached urgently on measures to be taken in such areas as education, ethics, legislation and financial support. Nowhere was that consensus being sought more actively than at the United Nations, and in that connection, WHO had alerted world opinion to the AIDS problem and co-ordinated activities undertaken by national, intergovernmental and non-governmental organizations (NGOs). Among the activities resulting from the WHO/UNDP Alliance, his delegation noted in particular the circulation of a detailed questionnaire to UNDP field offices in order to assess the impact of the disease on social and economic development.

4. It was encouraging that in almost every country, multisectoral national committees had been established to deal with the AIDS problem and that programmes to combat HIV/AIDS had been included in UNDP projects and country programmes. That underscored the importance which Governments attached to the question and their desire to earmark UNDP resources for preventive activities, such as education and training. In its efforts to focus on the socio-economic aspects of the pandemic,

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(Mr. Chaudouet, France)

UNDP should increase assistance to national AIDS-related programmes within the framework of country programmes and, in co-operation with the United Nations Capital Development Fund (UNCDF) and the United Nations Volunteers, assist community and village initiatives. It would be useful if the replies to the October 1989 questionnaire, accompanied by an analysis and proposals, were submitted to the Governing Council either in June 1990 or, at the latest, at its 1991 special session.

5. Ms. BECKER (United States of America) said that her delegation endorsed UNDP's efforts to provide administrative support to the Alliance at the country level, and to add HIV/AIDS components to its ongoing health and education programmes. Her delegation also supported the Programme's plans to encourage resident representatives and Governments to include HIV/AIDS prevention and care activities in fifth-cycle programming; the establishment of a training programme for UNDP staff; and the publication of a booklet on AIDS for United Nations employees and their families. Her delegation welcomed the diversity of UNDP's initiatives; the Programme's efforts to gear its activities to the needs of individual countries through the country programmes; and its recognition of the importance of strengthening health infrastructure.

6. Mr. AQUARONE (Netherlands) said that his delegation was a staunch supporter of WHO's Global Programme on AIDS and would continue its active participation in the GPA Management Committee. Surprisingly, document DP/1990/31 made no mention of the increasing use of indicative planning figures (IPFs) to finance AIDS-related programmes and projects - a trend of which his delegation had become aware through the Management Committee.

7. The report of the Administrator could have established a more direct link between the effect of AIDS on women and children (para. 2) and the future directions outlined in section II. Although the language used in paragraph 4 alluded to a strong UNDP presence in the Alliance, the report did not describe the Programme's substantive activities. Neither did UNDP's limited participation in Management Committee meetings help to provide a clear-cut idea of its substantive role within the Alliance.

8. It would be interesting to have more details on UNCDF's "innovative" project in Rwanda - i.e. whether, with its important emphasis on blood safety, the project constituted a new approach, or whether it marked the first time that such an initiative had been taken in Rwanda. His delegation would also appreciate some information on the operation of the \$2-million fund described in paragraph 10, which seemed to be a revolving fund. Lastly, details on the future directions of UNDP, including an indication of the expected role of resident representatives in increasing AIDS-related projects during the fifth programming cycle, would be useful. Staff training, while necessary, did not directly help the developing countries. Extension activities such as films and books, on the other hand, were highly significant and deserved greater attention.

9. Ms. POULSEN (Denmark), speaking on behalf of four Nordic countries - Finland, Norway, Sweden and Denmark - stressed the particularly severe impact of AIDS on the

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(Ms. Poulsen, Denmark)

developing countries. The UNDP field establishment should be fully utilized in order to co-ordinate an effective response to the situation.

10. The report of the Administrator (DP/1990/31) contained more generalities than specifics on the Programme's AIDS-related activities and the operation of the Alliance. UNDP should help to sensitize the public to the larger economic and social consequences of AIDS and assist national authorities in coping with those problems. Such assistance to national programmes must be broad-based and include both multilateral and bilateral assistance and particularly that provided by NGOs.

11. Mr. van ARENDONK (Assistant Executive Director of the United Nations Population Fund) said that UNFPA had pursued its main objective of integrating maternal and child health family planning (MCH/FP) and AIDS-related activities through the WHO Global Programme on AIDS. In that connection, it was necessary to strengthen contacts between various units of health ministries and elaborate specific procedures and guidelines for the integration of AIDS-related activities into established MCH/FP programmes. Through WHO country representatives or UNDP/UNFPA resident representatives, the Fund was participating in meetings organized by Governments and the Global Programme on AIDS with a view to integrating AIDS-related programmes into national medium-term plans.

12. UNFPA projects included the integration of components on AIDS into MCH/FP and information, education and communication (IEC) projects in Benin, Cameroon, Liberia and Kenya. In Haiti, condoms had been distributed to high-risk groups as part of an MCH/FP project. In general, the demand for condoms from UNFPA had increased. In early 1991, UNFPA would complete an inventory of AIDS-related activities which, together with socio-cultural research on family planning, would be used to determine how behavioural changes could be instituted in certain populations. Initially, the scarcity of specialists capable of integrating MCH/FP and AIDS-related activities might be a problem.

13. An effort had been made to improve communication between MCH/FP structures and national ministerial departments responsible for AIDS-control programmes, generally the epidemiology departments. A UNFPA staff member had been seconded to the WHO Global Programme on AIDS (GPA) in order to elaborate separate guidelines for integrating FP and MCH with AIDS-related programmes. Those guidelines were expected to be published in 1990. UNFPA also continued to support the Population Division in assessing methodologies used to determine the demographic impact of AIDS at both the country and the international level.

14. Mr. PETTITT (United Kingdom) reaffirmed his delegation's position that donors could contribute most effectively by assisting programmes co-ordinated by GPA. That position was in keeping with the London Declaration on AIDS Prevention signed by 147 countries in 1988.

15. Collaboration within the United Nations system, as exemplified by the WHO/UNDP Alliance, was vital. His delegation hoped that the Council would endorse the future directions identified in the report of the Administrator, especially those relating to training, the use of United Nations Volunteers and sensitization.

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16. Mr. YENEL (Observer for Turkey) noted that UNDP's sphere of activity was not as well-defined as that of WHO. In its future directions, UNDP should concentrate on engendering a universal awareness of the AIDS problem, for ignorance of the pandemic persisted in many places at every level of society. In that connection, it would be useful if the booklet for United Nations employees and their families or a similar one were distributed to UNDP field offices throughout the world. In low-literacy areas, audio-visual methods could be used for information activities. Information provided by reliable sources, such as the UNDP field offices, would do much to dispel rumours about AIDS at the grass-roots level. Educational programmes must also focus on the treatment of AIDS victims, not only medically but also socially, for ostracism was not the answer.

17. Mr. CABACTULAN (Philippines) expressed the hope that by the Council's June session, UNDP's role in the Alliance would be more precisely defined and that the AIDS issue, however vital, would not take precedence over the Programme's ongoing mandates, such as providing technical assistance to the least developed countries. UNDP might specify its role in the struggle against AIDS in terms of its development projects, following the example of the World Bank, which had financed studies on the effect of AIDS on employment and productivity in Zambian coal mines.

18. Mr. ROTHERMEL (Director, Division for Global and Interregional Programmes, UNDP), responding to the questions raised, said that the questionnaire (DP/1990/31, para. 6) would be analysed on a country-by-country basis and that information on specific activities could certainly be made available to the Council.

19. UNDP of course attached great importance to the non-health aspects of AIDS, such as sensitivity to the use of community-based non-governmental organizations, the minimizing of the economic and social impact of the disease, and the human rights issues involved.

20. A full description of the UNCDF project in Rwanda had been provided to the Council. The use by Governments of very scarce technical assistance funds from their national IPFs (para. 8 of report) to support AIDS-related activities was an indication of the considerable importance they attached to them.

21. The booklet being prepared for all staff of agencies of the United Nations system was an inter-agency effort and when completed would be distributed to all UNDP staff. He saw no reason why it could not be distributed more widely to any Governments desiring the same information.

22. He assured the Council that there would be a more active UNDP presence in the meeting of the GPA Management Committee.

23. Ms. REID (Programme Director, Division for Women in Development, UNDP), replying on issues relating to women and children and the role of community-based organizations in response to the HIV/AIDS pandemic, said that the Rwanda project was an interesting example of experience at the national level to attempt to minimize iatrogenic (medical) transmission of the virus through, for instance, blood transfusions and the use of unsterilized needles. The project would benefit pregnant women and young children in particular, who were disproportionately

(Ms. Reid)

exposed to such transmission in many countries where the blood supply was not secure.

24. Regarding future action, her Division was working closely with the Division for Global and Interregional Programmes to ensure that all training materials and information provided to field staff took cognizance of the fact that young women and children were particularly vulnerable to AIDS. Probably long before the end of the decade, more women than men world wide would be infected: that was already the case in Africa and was becoming the case in parts of the Caribbean.

25. UNDP had developed particular expertise in recent years in involving non-governmental organizations in development. The lesson learned had been that the most effective prevention and care programmes were run by community-based organizations in ways that complemented national action. UNDP was applying that expertise as it determined the most effective way of responding to national requirements for assistance.

26. The PRESIDENT said that a draft decision had been submitted on the item and that the Council would be receiving a report on consultations the following day.

ANNEX TO GOVERNING COUNCIL DECISION 89/23 OF 30 JUNE 1989 ON THE ANNUAL REPORT OF THE ADMINISTRATOR (DP/1990/13)

27. The PRESIDENT recalled that at its thirty-sixth session the Council had decided to consider the text of the annex to decision 89/23 at the current special session. Since no drafting group had yet been set up, he proposed that Mr. Babington (Australia), Vice-President, should hold informal consultations on the matter and that the item should be taken up the following day.

28. It was so decided.

AGENCY SUPPORT COSTS

- (a) REPORT OF THE EXPERT GROUP (DP/1990/9)
- (b) PROPOSED ARRANGEMENTS FOR CONSULTATIONS (DP/1990/11)
- (c) VIEWS OF AGENCIES (DP/1990/10)

29. Mr. DRAPER (Administrator), introducing the item, reiterated an earlier suggestion that an intergovernmental working group should be established to study the report of the Expert Group (DP/1990/9). Such a working group, working possibly from 1 March to 30 April 1990 and consulting as it saw fit with its various government and agency partners, could then submit for consideration at the Council's thirty-seventh session its own findings and recommendations. UNDP was prepared to provide secretariat support, as directed by the Council. UNDP itself would make its comments and recommendations on the report available to the working group and would participate in the discussions at the June session.

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(Mr. Draper)

30. The report on agency support costs was remarkably consistent with the triennial review of operational activities embodied in General Assembly resolution 44/211. UNDP was committed to implementing the directives of that important resolution and its preliminary assessment was that the Expert Group's report provided an excellent basis for discussion also on many system-wide matters. The experts had arrived at their conclusions independently, without the constraints of rigid institutional loyalties and vested interests, and the thrust of the report was in line with many past and current UNDP initiatives such as national execution and decentralization.

31. The timing of decisions on recommendations, especially on the support-cost successor arrangements, must be considered. The Council had requested that the report of the Expert Group together with the comments of agencies should be given full consideration at the thirty-seventh session. However, as indicated in the statement of the Administrative Committee on Co-ordination (ACC) (DP/1990/10), the governing bodies of some of the agencies would meet late in 1991 or later and they might not be able to apply any agreed decision before 1992.

32. In summary, he was seeking the Council's guidance on the proposal to establish an intergovernmental working group, including its composition and terms of reference; the type of secretariat support, if any, it would require; and the effective date for adoption of any new support-cost system.

33. Mr. PETTITT (United Kingdom) observed that the report of the Expert Group (DP/1990/9) was a good one, starting from country needs and working towards headquarters functions; it made a number of significant and thoughtful recommendations and offered a set of options on support-cost arrangements. At the current stage, the Council should probably concentrate on the conclusions and recommendations in chapter VII of the report, and it should be able already to issue a statement to the effect that the option it would eventually select was to be found somewhere within the three options recommended by the Group, establishing the broad pattern of arrangements the Council would wish to see applied to the major agencies. For the smaller agencies, arrangements similar to those currently in place would probably continue to apply, although with better protection against currency fluctuations, as recommended in paragraphs 377 to 390 of the report.

34. The major effort must now be to find the right arrangements for the relationship of UNDP and UNFPA with the larger agencies having development functions. The experts had suggested that the Council should select an option providing for prior payment by UNDP for agency services, a smaller recompense for project execution, and financial incentives in the case of services to Governments, including support of government execution. In their three recommended options, the experts envisaged a financial contribution to development activities from agency regular budgets, a controlled introduction of the stimulus of competition and management by Governments - all of which points of view coincided with the thinking of the Council.

35. The main purpose of the current discussion, however, must be to set up the arrangements for continuing the process of decision-taking. The statesmanlike

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(Mr. Pettitt, United Kingdom)

approach adopted when commissioning an independent expert group with equal access to Governments, UNDP and other partners must be maintained throughout the rest of the process. The Council's decision on support-cost arrangements would be taken on behalf of the whole international community; but a decision in June with that degree of authority was possible only if system-wide interests were taken into account, if both members and observers were committed to the result, and if the governing bodies of the agencies had been involved in the preparatory work and thinking. It was important to reach a decision in June, despite the difficulties that posed for some of the agencies.

36. Although the Director of the Planning and Co-ordination Office had dismissed the point, his delegation believed there was indeed a close link with the fifth programming cycle, since the results on support costs might colour the attitude of contributors to the fifth cycle, the agencies would have to know what allocations had been made for the next cycle if they were to adapt to the new role envisaged for them and frame their own budgets for the biennium 1992-1993, and Member States as well would need that information for their budget planning as of January 1991.

37. The decision, moreover, must involve all partners of UNDP if it was to be a good decision, and the machinery to make that possible must be set up immediately. The Administrator had made welcome suggestions to that effect in document DP/1990/11. The machinery should be designed to allow a manageable cross-section of the Council membership to investigate in detail the implications of the various options in chapter VII of the report of the Expert Group, and to allow at least selected large and small agencies to do likewise.

38. Mr. NISSEN (Norway), speaking also on behalf of Denmark, Finland and Sweden, observed that the successor arrangements for support costs should promote technical assistance that accorded with the requirements of recipient countries and supported the objectives of self-reliance. There was a great convergence of views within the United Nations on the formulation and execution of country programmes and on the need for decentralization. The support-cost arrangements would also be a crucial tool in organizational restructuring.

39. It was the Council's responsibility to follow up on the report of the Expert Group, while involving the United Nations system as closely and as early as possible. The Nordic countries tended to favour the Administrator's proposal to establish an intergovernmental working group to review the report, perhaps under the President of the Council and certainly in consultation with all others involved. Such a working group should finish its deliberations in time for the Council to take a decision in June.

40. Mr. OGAWA (Japan) observed that support-cost arrangements had both a financial and a policy dimension, the latter best summarized in paragraph 25 of General Assembly resolution 44/211. The policy aspects should be thoroughly examined before a final decision was taken, since they set the framework for a new and dynamic tripartite relationship in United Nations operational activities for development. Moreover, the close linkage between the question of agency support costs and the consideration of the fifth programming cycle could not be overemphasized.

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(Mr. Ogawa, Japan)

41. A decision on the complex and important report of the Group of Experts should be taken at the June session. Japan welcomed the Administrator's proposal to set up an intergovernmental working group to deal with the question in the mean time.

42. Mr. SAHLMANN (Federal Republic of Germany) said that support-cost successor arrangements were a complex issue and should serve to improve the quality and consistency of operational activities. His delegation believed that a procedural decision along the lines proposed by the Administrator should be taken at the current session. The final decision would have to be taken no later than the June session since it had an impact on the fifth programming cycle.

43. His delegation supported the proposed establishment of an intergovernmental working group to clarify the various implications of the options set out in chapter VII of the report of the Expert Group, with UNDP secretariat support and consulting services, and to submit its recommendations to the Council in June. Throughout the process, the working group should have access to the Group of Experts for explanations, and should meet with agencies and maintain close contact with the secretariat and task force of the Consultative Committee on Substantive Questions (Operational Activities). With such a mechanism in place, the Council could reach a consensus in June.

44. Mr. CHAUDOUET (France) said that the report (DP/1990/9) was notable for the pertinence of its analysis and its imaginative approach to complex issues. Although it had received only an English version of the report, his delegation had studied the proposals in it as thoroughly as possible and had concluded that the Council must do more than merely identify new modalities for reimbursement of agency support costs. The report examined the roles of and relations between UNDP, the specialized agencies and beneficiary countries in project execution. It was therefore essential that decisions should be taken before the implementation of fifth-cycle projects began - indeed, before the Council's next session, in June.

45. Additional information was still required if informed choices were to be made. The drafters of the report had rightly stressed the need to increase the share of projects executed by beneficiary Governments. Development could not truly take place if a country had not gradually assumed responsibility for decisions, programming and projects. Yet many countries were still unable to satisfy that requirement and consequently needed outside help to enhance their capacity to do so. The situation varied from one country to another, and it would be quite risky to force the issue. Nevertheless, the experts had failed to take the actual capacity of Governments to carry out those tasks sufficiently into account.

46. Consequently, his delegation wished to have updated reports on projects under government execution at the next session of the Governing Council. In particular, the following questions should be answered: were all the Governments concerned capable of handling a significant increase in their burden of responsibility? What consequences might that have for UNDP? And what role should the Office for Project Services play, since increasing its work-load would constitute a step away from the very principle of national execution?

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(Mr. Chaudouet, France)

47. His delegation also wished to have submitted to the Council's June session a report on the execution capacity of the Office for Project Services. The Office was a poorly defined administrative unit about which Council members in fact knew very little. Its activities had increased and diversified in a somewhat disorderly fashion, and its effectiveness was questionable. Given the role which the experts wished to see the Office play, any decision by the Council should be based on a thorough evaluation of it.

48. He endorsed the suggestion made by other delegations to have a number of meetings between donors and executing agencies in the coming weeks so that their views regarding the report's conclusions and proposals could be made available to the Council before its June session.

49. Mr. AQUARONE (Netherlands) said that, as the report and its many recommendations were currently under study by his Government, his delegation was not yet in a position to give an opinion on the substantive issues. Generally speaking, the study showed that the time had come for a thorough reassessment of support-cost arrangements and of the partnership concept in general. Times had changed, and differences between developing countries had increased. In addition, the study made a distinction between smaller, more technical and larger executing agencies and suggested that solutions to the problem of agency support costs might differ accordingly.

50. The Council did not have much time in which to reach a final decision on successor arrangements. Consequently, his delegation supported the position set out in document DP/1990/11 that that decision should be taken before a decision was taken on the fifth programming cycle. That meant that the Council would have to establish an intersessional mechanism which would pave the way for the Council's decision in June. He therefore proposed that an intergovernmental group should be established which would have the task of narrowing the range of options presented by the Expert Group and analysing them further in order to arrive at a clearer understanding of their implications. With the logistical support of the UNDP secretariat, the intergovernmental body would consult with the relevant organizations of the United Nations system with a view to presenting the Council with a shorter, though more detailed, list of recommendations. Because of the possible implications for agencies' roles and organizational structure, it was of great importance that they should be able to live with the Council's decision. In that connection, it might be useful for some meetings of the intergovernmental group to be held at agency headquarters.

51. Given the short amount of time available in which to complete its work, the intergovernmental group should be composed of no more than 10 members. Participation by developing countries, which had first-hand experience in the daily management of technical co-operation, was of paramount importance. UNDP should be responsible for ensuring that funds were available for the travel and subsistence costs of group members. The Netherlands would be prepared to contribute funds to UNDP for that purpose. The Council should also bear in mind the heavy calendar of meetings to be held in New York in the coming months.

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(Mr. Aquarone, Netherlands)

52. The intergovernmental group would have to be supported by a larger body - e.g., an open-ended informal group in New York - to which it would report. The intergovernmental group should not be mandated to reach a decision, but rather to facilitate decision-making at the Council's June session.

53. Mr. MORALES CARBALLO (Cuba) said that the report had serious political implications and must therefore be given careful consideration. However, his delegation had received the report only a few days earlier and consequently had received no instructions from the Cuban Government.

54. As it was important to maintain transparency in considering the report, all members of the Governing Council, and in fact all Member States, should be involved in that process. His delegation therefore could not agree to the establishment of an intergovernmental group for that purpose. Rather, the report might be considered during the months preceding the Council's June session by the Working Group of the Committee of the Whole, so that all countries could participate. By that time all delegations would have had time to reflect on the issues at hand and could work together in a constructive spirit to reach a decision.

55. Mr. JAYASINGHE (Sri Lanka) said it was necessary to study the report in greater depth. He invited the Administrator and the executive heads of other agencies to submit their views regarding successor arrangements for agency support costs to the Council so that delegations could discuss them in their capitals.

56. At the current session, the Council must agree on a follow-up mechanism, and his delegation supported the Administrator's proposal to establish a working group for that purpose. Informal consultations had already been held regarding the membership and mandate of the working group and its relationship to the Governing Council as a whole, and further consultations would also be required.

57. Ms. COLLOTON (United States of America) said that the issue of successor arrangements for agency support costs was essential to the future of UNDP and had major programme, financial and technical implications. She expressed support for the Administrator's suggestion to establish an intergovernmental working group to consider the proposals put forward in the report, consult with Governments, UNDP and executing agencies as appropriate. Her delegation would continue to work with other delegations to reach agreement on the establishment of the group and on the Administrator's proposals regarding secretariat support and a timetable.

58. She agreed with the representative of the United Kingdom that everything must be done to reach agreement at the Council's June session. With regard to the proposal by the representative of Cuba, she felt that the Working Group of the Committee of the Whole could in fact be one mechanism for consideration of the report, and her delegation planned to suggest topics which could be considered by the Committee. Technical aspects in particular might be successfully dealt with by the Working Group, thereby facilitating the work of the proposed intergovernmental group.

59. Mr. Hamadziripi (Zimbabwe), Vice-President, took the Chair.

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60. Mr. TEODOROVICH (Union of Soviet Socialist Republics) said that the report of the Expert Group (DP/1990/9) would serve as a basis for future discussions of the role of UNDP and of the entire United Nations technical assistance system in the next decade. The report's criticism of previous activity required careful analysis, and distinctions must be made as between what was currently feasible and what might be done in the future. That meant soliciting the views of all participants in the tripartite system of technical co-operation. The position of the executing agencies should be clarified, and the Administrator should therefore be requested to circulate the report of the Expert Group to those agencies and ask them to submit their views on it as soon as possible.

61. His delegation attached great importance to finding an optimal solution to the problem of support costs and was prepared to participate in consultations on that issue and to co-operate with an intergovernmental group, if established.

62. Mr. KRAMER (Canada) said that the report of the Expert Group constituted an appropriate point of departure for further analysis and a final decision by the Council. The question remained, however, as to how best to conduct the analysis: there appeared to be general agreement that the matter was one for Governments, but specific organizational arrangements were still open to question. His delegation favoured the establishment of an intergovernmental working group which would analyse options, make proposals and consult with UNDP, other agencies and their governing bodies.

63. It was important for the Council to have a clear understanding of revised arrangements for technical co-operation by June so that the new arrangements could be in place by the end of 1991. As to whether the working group should be open-ended or limited in membership, his delegation shared an attachment to democratic principles but believed that, in view of the many factors involved, limited participation afforded the only way of working constructively. Limited participation in the working group, however, in no way precluded universal decision-taking within the Council. He hoped that a decision could be reached on the composition of the group by the end of the current session.

64. Mr. Babington (Australia), Vice-President, took the Chair.

65. Mr. GOPINATHAN (India) commended the report and welcomed in particular the encouragement the experts had given to national execution and indigenous capacity-building. The report came before the Council at an appropriate time, in view of the adoption by the General Assembly of resolution 44/211. So that momentum generated by that resolution should not be lost, his delegation favoured the adoption in June 1990 of a decision which could then be transmitted to the Economic and Social Council and the General Assembly, with a view to having the new arrangements in place by the beginning of 1992.

66. With regard to a follow-up mechanism, his delegation had taken note of the Administrator's proposal regarding the establishment of a working group, but continued to favour an arrangement utilized some years earlier involving open-ended informal consultations. His delegation's support for such an arrangement was based on its desire to maintain transparency in whatever mechanism was established. The

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(Mr. Gopinathan, India)

mechanism should continue to operate on the basis of the three options recommended by the experts and not stray from the recommendations of the Expert Group or develop a completely new set of recommendations.

67. Mr. GEPP (Brazil) said it was important that the concept of partnership as the basis for technical co-operation should be maintained. Thus, of the solutions outlined in paragraph 396 of the report, his delegation favoured giving Governments full freedom in the choice of execution modalities and agents, although that presupposed that Governments had been provided with adequate capacity to do so by UNDP.

68. He endorsed the remarks made by the representative of Cuba regarding the late submission of the report and pointed out that few delegations had had time to digest it. He also agreed with the representative of Cuba that an intergovernmental working group was not an appropriate mechanism for considering the report.

69. Mr. TALAVERA (Peru) said that the report should be studied further, preferably by an open-ended group, to ensure greater transparency.

70. Mr. SALAZAR-SANCISI (Observer for Ecuador) said that, in view of its importance, the subject of agency support costs needed to be dealt with prior to the commencement of the fifth programming cycle. However, the Experts Group report must be considered on the basis of a political debate and technical considerations. Unfortunately, that was impossible at present, as the document had been received by delegations only a few days earlier and instructions had not yet been received from Governments.

71. Concern had recently been expressed that special sessions of the Governing Council and its subsidiary bodies were becoming the norm rather than the exception and that substantive issues were being considered during those sessions. His delegation continued to oppose the consideration of substantive issues at such sessions, which it considered a breach of faith.

72. With regard to a follow-up mechanism, his delegation had taken note of the suggestions put forward by the Administrator but opposed the formation of a "mini-working group". The only possible solution would be for the Working Group of the Committee of the Whole to meet well in advance of the debate to be held on the subject in the Council so that all delegations might have time to receive appropriate instructions. In that connection, he supported the remarks made by the representative of Cuba.

73. Mr. Popeacu (Romania) resumed the Chair.

74. Mr. MUGUNE (Observer for Uganda) said that a decision should be taken on the working group before June. Consultations should be held to decide what kind of group it should be. In his view, it should be transparent, able to consult all relevant agencies and bodies and have available the services of the Expert Group on support costs. The use of other experts would be unwise and repetitious and should

(Mr. Mugune, Observer, Uganda)

be resorted to only if they were needed in specialized areas. Such arrangements would facilitate the reaching of a substantive decision. The Administrator could provide funding for the working group. The Governing Council's decision on successor arrangements would determine the very future of technical assistance.

75. Mr. KABIR (Observer for Bangladesh), referring to tables VII.5, VII.6 and VII.7 in the report of the Expert Group (DP/1990/9, pp. 142-144), said that he favoured option 3 but would give priority to option 2 as a good transition to option 3. A transparent, open-ended consultative mechanism should be set up and experts should be made available to it. If a smaller group were to be set up, proper linkages to a larger one should be established. Those three options should provide a basis for the final arrangements.

76. Mr. JASINKSI (Poland) said that the report of the Expert Group (DP/1990/9) provided a useful instrument for those concerned with the delivery of technical co-operation and should help develop a more effective partnership between government agencies and UNDP. The report tended to overlook the importance of the Governing Council's role in that partnership, which included recipient and donor Governments. The main issue was the quality of that partnership, in which a constructive approach was preferable to mutual criticism. He favoured the establishment of a working group, whose members should be extremely well prepared, particularly in understanding how they could enhance their own roles. Participants should be those who had knowledge of and experience in the delivery of technical co-operation. Constructive consultations were needed to improve delivery of technical assistance.

77. Mr. ZHANG Guanghui (China) said that, in discussing the options presented in the report of the Expert Group, the Governing Council should keep in mind the importance of improved equality, increased self-reliance and the need to promote a real partnership between all concerned.

78. Mr. OSELLA (Argentina) said that he favoured an open-ended working group that would thoroughly analyse the report of the Expert Group. The group should operate on the basis of transparency and meet soon so that its conclusions would be available before the Council's June session.

79. Mr. LANGENBACHER (Switzerland) said that the Council's concerns were procedural and that it should concentrate on recommendations. He favoured the establishment of a small intergovernmental working group that would provide feedback to the whole Council. The group should expect to have the Administrator's views by March, the views of the agencies by April and the reaction of Governments by May. Its recommendation should be available to the Council at its June session.

80. Mr. WIESBACH (United Nations Industrial Development Organization (UNIDO)) said that much work still needed to be done on how to organize technical co-operation and how Governments should share the costs of such co-operation. He agreed that a constructive approach was preferable to criticizing partners. UNIDO had formulated some preliminary views and it would make them available if so desired.

The meeting rose at 5.45 p.m.



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SUMMARY RECORD OF THE 10th MEETING

Held at Headquarters, New York,
on Friday, 23 February 1990, at 10.45 a.m.

President:

Mr. POPESCU

(Romania)

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Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Chief, Official Records Editing Section, Department of Conference Services, room DC2-750, 2 United Nations Plaza.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

The meeting was called to order at 10.50 a.m.

UNITED NATIONS DEVELOPMENT PROGRAMME: FORTY YEARS OF MULTILATERAL TECHNICAL
CO-OPERATION FOR DEVELOPMENT WITHIN THE UNITED NATIONS SYSTEM

1. Mr. DRAPER (Administrator) said that the finishing touches were currently being put to the human development report, which would be available for distribution in the middle of May 1990, before the launching ceremony scheduled for the 26th of that month. Members of the Governing Council would be invited in March 1990 to a substantive briefing on the main findings and conclusions of the report. He wished to acknowledge the efforts of the United Nations system agencies which had been involved in the preparation of the report.
2. The report had three main purposes. First, it would serve as a means for Governments to exchange information on realistic and affordable ways to combine economic and social concerns. Second, it would clarify the human and financial resource implications of certain human development targets. Third, it would help to identify areas in which technical co-operation could assist Governments in reaching their human development goals. In addition, the report was of direct relevance to the mandate of UNDP, since progress in human development meant more qualified human resources and expanded job opportunities.
3. Mr. AJELLO (Assistant Administrator) said that, in response to Governing Council decision 89/68, which had requested the Administrator to make all necessary preparations for the commemoration of the fortieth anniversary of multilateral co-operation programmes of the United Nations system, and General Assembly resolution 44/209, which had invited the Secretary-General to collaborate with the Administrator in those preparations, a Working Group had been established. As a result of discussions within the Working Group, three main events had been scheduled to celebrate the anniversary. The most important of those was the plan to commemorate the anniversary on United Nations Day, 24 October 1990. The second event was the launching in May 1990 of the human development report, which would be distributed earlier to delegations and the press in order to afford the report maximum publicity. The third event was a celebration which would take place within the framework of the June session of the Governing Council in Geneva. The Government of Switzerland had made a proposal, with which he fully agreed, that the celebration should be of a solemn nature, with a focus on inviting eminent personalities and representatives of the regional offices and agencies. As part of the celebration, the Swiss Government was also planning a boat tour on Lake Geneva.
4. In addition to the three major events, resident representatives had been asked for suggestions on ways in which the anniversary could be commemorated in recipient countries. Those suggestions were currently under consideration. The participation of donor countries was also welcomed and, to that end, members of the Governing Council should request their Governments to plan appropriate celebrations in their countries on 24 October. The UNDP Division of Information was trying to identify possible publications and exhibitions which might be co-ordinated with publicity

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(Mr. Ajello)

for the fortieth anniversary commemoration. Consideration was also being given to the sponsoring by the United Nations of various other initiatives to celebrate the anniversary. Such events would entail no expenditures for the United Nations.

5. All of the events planned for the celebration of the fortieth anniversary were based on the general idea of strengthening the public image of the United Nations and UNDP by making both more visible and by informing the public of their various activities.

6. Mr. LANGENBACHER (Switzerland) said that while it had made certain proposals regarding the fortieth anniversary celebration, his Government hoped that preparations for the event would be shared equally by all members of the Governing Council. The proposed boat ride was still awaiting authorization, which was expected to be granted.

7. In the opinion of his delegation, public relations activities and United Nations sponsorship of events were not the way to sharpen the profile of UNDP. Such a goal should be achieved through UNDP programme activities.

8. Mr. VOICU (Romania) said that his delegation supported the celebratory events proposed by the Administrator as well as the overall idea of using the occasion of the fortieth anniversary to give maximum visibility to UNDP.

9. Among its many noteworthy activities, UNDP had assisted countries in times of crisis. His own country had benefited from that type of assistance over the decades. Most recently, in December 1989, the General Assembly had adopted by consensus resolution 44/239, in which it had urged the international community to offer generous emergency humanitarian assistance to Romania. Many had responded to that appeal and he wished to thank the United Nations and other specialized agencies and all the countries concerned for their show of solidarity with the Romanian people.

10. Mr. RADE (Netherlands) said that while it was evident that technical co-operation activities had a positive impact in a number of developing countries, such activities could be made even more effective. In that connection, he wished to know whether UNDP planned, on the occasion of the fortieth anniversary celebration, to organize a meeting of experts to discuss technical co-operation.

11. Mr. PETRONE (Italy) said that his delegation supported the plans for the fortieth anniversary celebration and noted with interest that the events would not involve any charges to the UNDP budget. It agreed with the idea of using the occasion to make the public more aware of UNDP activities. To that end, UNDP should attempt to make use of NGOs, the media and any major events in countries that might tie in with the celebration of the fortieth anniversary.

12. Mr. AJELLO (Assistant Administrator) said that, as part of the celebration, a meeting of eminent personalities had been envisaged, at which issues raised in the human development report would be discussed. He appreciated the Netherland's desire to co-operate in such an effort.

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(Mr. Ajello)

13. Although he agreed with the representative of Switzerland that the quality of UNDP programme activity was of great importance, it was also true that without public awareness, those programmes could not be sustained or improved.

14. The PRESIDENT said that if he heard no objection, he would take it that the Governing Council wished to take note of the Administrator's statement.

15. It was so decided.

OTHER MATTERS (continued)

(b) UNDP MANAGEMENT STUDY

16. Mr. DRAPER (Administrator) said that, some 18 months previously, he had asked the retiring president of one of the world's largest personnel management consultancy firms to make a study of the management of UNDP as seen from the viewpoint of the staff, donors, executing agencies and recipient countries. The author and his assistant, both of whom had been paid expenses but no fee, had interviewed well over 100 staff members and representatives of Governments and executing agencies. Knowing little about the United Nations and the way it operated, they had produced a report which, while neither couched in the careful terms characteristic of United Nations studies nor an exhaustive study of the subject, arrived at some interesting conclusions and produced some stimulating recommendations - not all of which were workable or politically feasible. In late 1989, he had sent a copy of the report, for information, to the then President of the Governing Council. Copies had been made available to members of the Council upon request, and circulated to all resident representatives and the UNDP policy and operations teams.

17. While the section of the study dealing with the governance of UNDP was largely impractical for political reasons, the parts dealing with operational aspects merited a lot of attention. For example, the authors suggested greater decentralization, more local management of projects, project management by Governments or Government appointees instead of mainly technical advisers, who might face conflicts of interest, a clearly defined mission for UNDP, and alterations to the management structure of the programme. In several of those areas the Council had already recommended action, and the Administration had already got to work or intended to do so very soon. A former UNDP resident representative in Benin had been asked to come to New York to take charge of action on the feasible suggestions.

18. As stated in the letter of transmittal to the then President of the Council, he would be personally involved in seeing many of the recommendations made in the report implemented, after appropriate consultations with the Governing Council. There would be no upheaval in UNDP as a result of the report, but consistent efforts would be made to give effect to the most productive suggestions and recommendations.

19. Mr. HAMADZIRIPI (Zimbabwe) said that the report proposed changes in UNDP which would imply altering the 1970 consensus, notably by turning UNDP into a "donor-participation-oriented organization". He wished to have a formal assurance from the Administrator that no action would be taken on any of the recommendations in the report without appropriate consultations with the Council.

20. Mr. FERNANDEZ (Observer for Liberia) questioned the usefulness of contributions by persons not well versed in the dynamics of the United Nations and interactions between organizations and sovereign States. He understood that the report had been produced pro bono publico. That, however, made things difficult: it was difficult to chastise someone who did a job as a favour. It was sometimes better to pay investigators so that they could be held to account. His delegation, too, hoped for assurances that the Administrator would take no action without first consulting the Governing Council. He had always maintained that the Administrator should be given every opportunity to make UNDP an efficient organization, but the recommendations in the current report went beyond management to attack the very foundations of multilateralism.

21. Mr. LANGENBACHER (Switzerland) said that he found both the report and the commotion it had provoked interesting. A distinction must be drawn between management, which was the prerogative of the Administrator, and governance, which was the prerogative of the Governing Council. He understood the Administrator to have said that he intended to start moving promptly on certain issues covered in a privately commissioned report. The Administrator might be entitled to do so, but perhaps he should not, at least until the Council had discussed the forthcoming report on the senior management structure of UNDP.

22. Mr. MORALES CARBALLO (Cuba) said that the study put the Council in a difficult position, since it was not the result of any Council mandate. It seemed to him that all the Council could do was to take note of it and pass on to other matters. Meanwhile, he supported the call by the representative of Zimbabwe for assurances that no action would be taken before the Council had been properly consulted.

23. Mr. COUSINS (United Kingdom) pointed out that the study was merely an internal report, circulated for information purposes. He had found it uncharacteristically readable and understandable, although he did not agree with everything it said. The recommendations it made seemed to fall into three categories. Some were not politically feasible - but the Administrator was surely aware of that. Others related to what might be called "good housekeeping", and he would expect the Administrator to put them into effect in the day-to-day management of UNDP. Finally, some recommendations evidently invited comment from the Council. He welcomed the assurances the Administrator had given during his introduction that no action would be taken on such proposals before the Council had been consulted.

24. Mr. YENEL (Observer for Turkey) said that his Government had instructed him to seek assurances that no action would be taken on the report before it had been discussed by the Council. The recommendations must be acted on with some prudence, since they embodied a corporate vision not in keeping with the way the United Nations functioned. He suggested that the Administrator might bring forward any particular points of interest for discussion at the thirty-seventh session.

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25. Mr. FORBES WATT (Food and Agriculture Organization of the United Nations) said that parts of the report implicitly related to his organization as well. Because of the way it had been circulated, the study was now in effect a public document. FAO, which had not been consulted on the matter, took exception to the way in which the study had been prepared and circulated.

26. Mr. PETRONE (Italy) remarked that if the Administrator of a programme managing assets of over \$1 billion annually could not commission an informal report for his own use, there was no point in having such an official at all. The report was an internal document and enjoyed no special status, and the Council need not take any special action in relation to it. The Administrator could decide to act or not in accordance with his own prerogatives. In so far as the study recommended action in areas for which the Administrator was solely responsible, his delegation would oppose any interference by the Council. Any suggestions requiring a decision by the Council could be submitted at the thirty-seventh session in the context of the senior management structure report.

27. Mr. DRAPER (Administrator) reiterated the assurance he had originally given to the President of the Council, namely that he would be personally involved in seeing many of the recommendations in the report implemented after appropriate consultations with the Governing Council. Any decision which lay outside his managerial prerogatives would of course be submitted to the Council. He felt that the authors of the report should not be criticized for repeating critical comments by some of the people they had spoken to. The study had never been intended to be a "smoothed out", carefully diplomatic document. Indeed, some parts had been intended to provoke reactions. He believed that a certain amount of commotion bred creativity.

28. There was no intention of turning UNDP into a donor-driven organization. The strength of UNDP lay in its ability to command support from both recipients and donors, albeit at some cost in efficiency on occasion.

29. Some of the suggestions made in the study touched on areas where action had already been recommended in, for example, General Assembly resolution 44/211. The Administration was already taking action in those areas. He intended to continue to work on the good ideas found in the report, but would seek the approval of the Council on any matter lying near the borderline between the governance and day-to-day management of UNDP.

30. Finally, the observer for Liberia had suggested that any action should await the outcome of a discussion on the report at the thirty-seventh session. It had not been his intention to submit the report for formal discussion at the thirty-seventh session, and he wondered whether that was, in fact, necessary.

31. Mr. MORALES CARBALLO (Cuba) renewed his proposal that the Council should simply take note of the report.

32. Mr. VARADACHARY (India), Mr. MOORE (United States of America), Mr. JAYASINGHE (Sri Lanka), Mr. COUSINS (United Kingdom of Great Britain and Northern Ireland) and Mr. PETRONE (Italy) supported that proposal.

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33. Mr. EL GHOUTH (Mauritania) said that, as the report had been brought before the Council, the matter could no longer be considered entirely informal, and proposed that one of the vice-presidents should be asked to conduct informal discussions on the action to be taken by the Council.

34. Mr. HAMADZIRIPI (Zimbabwe) and Mr. JARRETT (Observer for Liberia) supported that proposal.

35. The PRESIDENT asked Mr. Hamadziripi, in his capacity as Second Vice-President, to conduct an informal discussion of the question.

The meeting rose at 12.30 p.m.



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of the
United Nations
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GOVERNING COUNCIL

Organizational meeting for 1990

SUMMARY RECORD OF THE 11th MEETING

Held at Headquarters, New York,
on Friday, 23 February 1990, at 12.30 p.m.

President:

Mr. POPESCU

(Romania)

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Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

The meeting was called to order at 12.30 p.m.

MATTERS RELATING TO THE WORK OF THE COUNCIL IN 1990 (continued)
(DP/1990/L.3/Corr.2)

1. Mr. KIRDAR (Secretary of the Council) introduced DP/1990/L.3/Corr.2, which reflected changes in the agenda for the June session discussed in informal consultations.
2. Mr. GRAHAM (United States of America) said that the title of item 4 (b) (xii) should be reworded to include "governance". He further noted that in annex II, micro-capital grants were scheduled for discussion on 13 June. However, some support had been expressed for deferring that item to the 1991 session.
3. Mr. HAEMMERLI (Deputy-Director, Division of External Relations) said that a proposal had been made to postpone discussion of micro-capital grants, but the Governing Council, in decision 89/21, had requested a report at the June session. Several delegations had also spoken in favour of keeping the item on the agenda. The wording of item 4 (b) (xii) had included "and its working group" to take into account decision 89/25. The footnote had been added to make it clear that the item also covered decision 87/20. The wording could, of course, be changed, if that was the wish of the Council.
4. The PRESIDENT said that if he heard no objections, he would take it that the Council wished to adopt the provisional agenda as orally amended.
5. It was so decided.

CLOSURE OF THE ORGANIZATIONAL MEETING

6. The PRESIDENT declared the organizational meeting closed.

The meeting rose at 12.55 p.m.